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Labour Market Reforms and Firm Value: Evidence from India's Labour Code Announcements

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Abstract:

India has added 16.83 crore jobs in six years, a 35% jump in employment — from 47.5 crore in 2017–18 to 64.33 crore in 2023–24. The improved labour-market outlook appears to have contributed to a broader process of socio-economic transformation which reflected in the substantial decline in the proportion of the population living below the international poverty line. Concurrently, India's social protection framework has expanded rapidly, evolving into one of the most extensive systems of its kind globally. In order to simplify and strengthen the framework governing workers' rights, the Government consolidated 29 labour laws into four comprehensive Labour Codes. This study evaluates the market price reaction of 20 Indian listed companies across a 21-day event window. The empirical framework measures stock price efficiency by testing for Abnormal Returns (AR) and Cumulative Abnormal Returns (CAR) around the new labour code announcement.

Keywords: Event Study, Labour Market Reforms, Abnormal Returns, Capital Market

I. Introduction

Stock price movements are largely influenced by how investors react to information and policy announcements made by government and regulatory authorities. The semi-strong form of Efficient Market Hypothesis (EMH) suggests that variation in stock prices is mainly due to publicly available information and investors' responses to new announcements. Several studies witnessed the impact of policy announcements such as monetary, fiscal and trade policy announcements on stock markets across the globe. Governments regularly issue policy announcements and less frequently make structural reforms to modernise the economic system. Although structural reforms occur less frequently, they have a significant impact on the economy over the long-run.

Since 1991, India has undertaken numerous structural reforms focused at improving economic efficiency, enhancing institutional governance, and promoting sustainable growth. These reforms include the liberalisation of Foreign Direct Investment (FDI), the introduction of the Value Added Tax (VAT), the implementation of the Goods and Services Tax (GST), the enactment of the Insolvency and Bankruptcy Code (IBC), real estate reforms through the Real Estate (Regulation and Development) Act (RERA), labour market reforms through the four Labour Codes, the National Education Policy (NEP) 2020, and various taxation reforms.

Among the various structural reforms introduced by India, labour market reforms recognised as one of the most significant institutional reforms due to its greater potential to influence business operations, labour costs, industrial relations, and corporate profitability. Understanding the need to modernise the existing labour regulatory framework, the Government of India consolidated 29 central labour laws into four Labour Codes between 2019 and 2020. On 21st November 2025, the Government of India announced the implementation of new labour codes with immediate effect. It could be expected that the new labour codes influence the firms' profitability and stock market performance.

In academic literature, event study framework recognised as a standardized measure to study the economic impact of announcements made by firms and governments. Event study captures the price level changes through abnormal returns and cumulative abnormal returns. This study also made an attempt to study about the impact of labour market reforms on stock prices of selected firms. The remainder of the paper is organised as follows. Section 2 reviews the empirical literature. Section 3 describes the methodology adopted in the study. Section 4 presents and discusses the empirical findings, while Section 5 concludes the paper.

II. Literature Review And Research Gap

Since **Fama et al. (1969)** provided a framework for evaluating stock-price adjustments to new information , researchers have widely applied the event study framework to record the effect of corporate level, macroeconomic and economic-policy announcements.

The empirical literature on labour-market reforms has extensively examined their implications for employment, productivity, output and firm performance.

D'Souza (2008) studied the nexus between employment protection and labour-market flexibility in India. The study highlighted that labour regulations play a significant role in safeguarding workers against employment insecurity. The research further argued that the excessive rigidity of labour laws may affect the firms' ability on the following viz., in adjusting their workforce , employment generation and productivity. **Ahsan and Pagés (2009)** investigated the empirical evidence from Indian manufacturing through the differences in labour-law amendments across Indian states and they found that the regulations increasing employment protection. They further observed that the cost of labour-dispute resolution significantly reduced employment and output in the registered manufacturing sector. **Sofi and Sharma (2015)** found that the labour productivity is highly influenced by the interaction between the composition of the workforce and the institutional settings. They also indicated that that contractualization did not generate uniform effects across different regulatory environment. **Biswas and Bandyopadhyay (2021)** examined the association between labour-market institutions, industrial structure and productivity. They have analysed unit-level data from Indian manufacturing sector. It was found that the broader regulatory environment in a country plays a significant role in formatting the industrial structure and determining productivity. Extending this line of research, **Goswami and Paul (2020)** examined the labour-law reforms undertaken by Rajasthan, an Indian state, in 2014. They have adopted quasi-natural experiment and difference-in-differences approach for the data analysis. The researchers found that the labour market reforms reduced firms' dependence on direct labour and on the other hand it increased plant-level value.

The researchers have included the studies which examined the impact of labour-market policies on labour costs and shareholder expectations. **Card and Krueger (1994)** were pioneered to examine the stock-market reaction to labour-policy announcements. By adopting an event-study methodology , they investigated the reaction of firms to the national minimum wage policy announcements. The study found that the announcements related to minimum-wage changes did not produce a strong or consistent reaction in the stock market. Extending this research perspective, **Bell and Machin (2018)** evaluated the impact of stock price to an unpredicted raise in minimum wage rate policy announced by UK Government . The researchers applied event-study methodology and found that labour-policy announcements affect stock prices of the firm. **Black and Khanna (2007)** demonstrated that the corporate governance regulatory announcements have generated significant changes in the market valuation of affected firms in Inda. The researchers have adopted event- study methodology. They have identified the problem associated with nation-wide reforms through implementation gap and intensity of regulatory risk among firms. They further observed that a positive market sentiment among firms those who were directly affected by the reforms.

These findings disseminated a significant nexus between labour-market reforms and firm-level economic outcomes. Several researchers have examined the effect of economic policy announcements on the market value of a firm. Few studies have attempted to find out the impact of non-economic policy announcements on the firm value. It is evident from the extensive literature survey, the researchers found that there existed a little research evidence on impact of labour market reforms on financial markets. This has motivated the researchers to find out the effect of announcement of new labour codes by Indian government on selected firms.

III. Methodology

The researchers have adopted event study methodology to examine the impact of the new Labour Codes announcements on the stock prices of selected firms. An event study is used to study the impact of a specific event, such as a firm-level announcement to regulatory or policy announcement, on the stock price of a firm. The methodology evaluates the behaviour of a firm's stock price around the event date by comparing the returns

observed during the event period with the returns expected in the absence of the event. The difference between the actual and expected returns is known as the **Abnormal Return (AR)** and represents the market reaction potentially attributable to the event.

Mathematical Research Model

For each firm i and trading day t, the **Market Model** can be specified as:

$$Rit=\alpha i+\beta iRmt+\epsilon it$$

where:

- Rit = actual return of firm i on day t
- Rmt = market return on day t
- αi = firm-specific intercept
- βi = systematic risk coefficient
- ϵit = error term

The expected return is then:

$$E(Rit)=\alpha i\hat{}+\beta i\hat{}Rmt$$

The Abnormal Return (AR) is:$ARit=Rit-E(Rit)$

For N firms, the Average Abnormal Return (AAR) is: $AARt=N1i=1\sum NARit$

The Cumulative Abnormal Return (CAR) for each event window is: $CARi(t1,t2)=t=t1\sum t2Arit$

Hypothesis of the study

H_{01}: The announcement of the new Labour Codes has no significant impact on the abnormal returns of selected Indian firms.

H_{02}: The announcement of the new Labour Codes has no significant impact on the cumulative abnormal returns of selected Indian firms during the event window.

H_{03}: There is no significant difference between the stock returns of selected Indian firms before and after the announcement of the new Labour Codes.

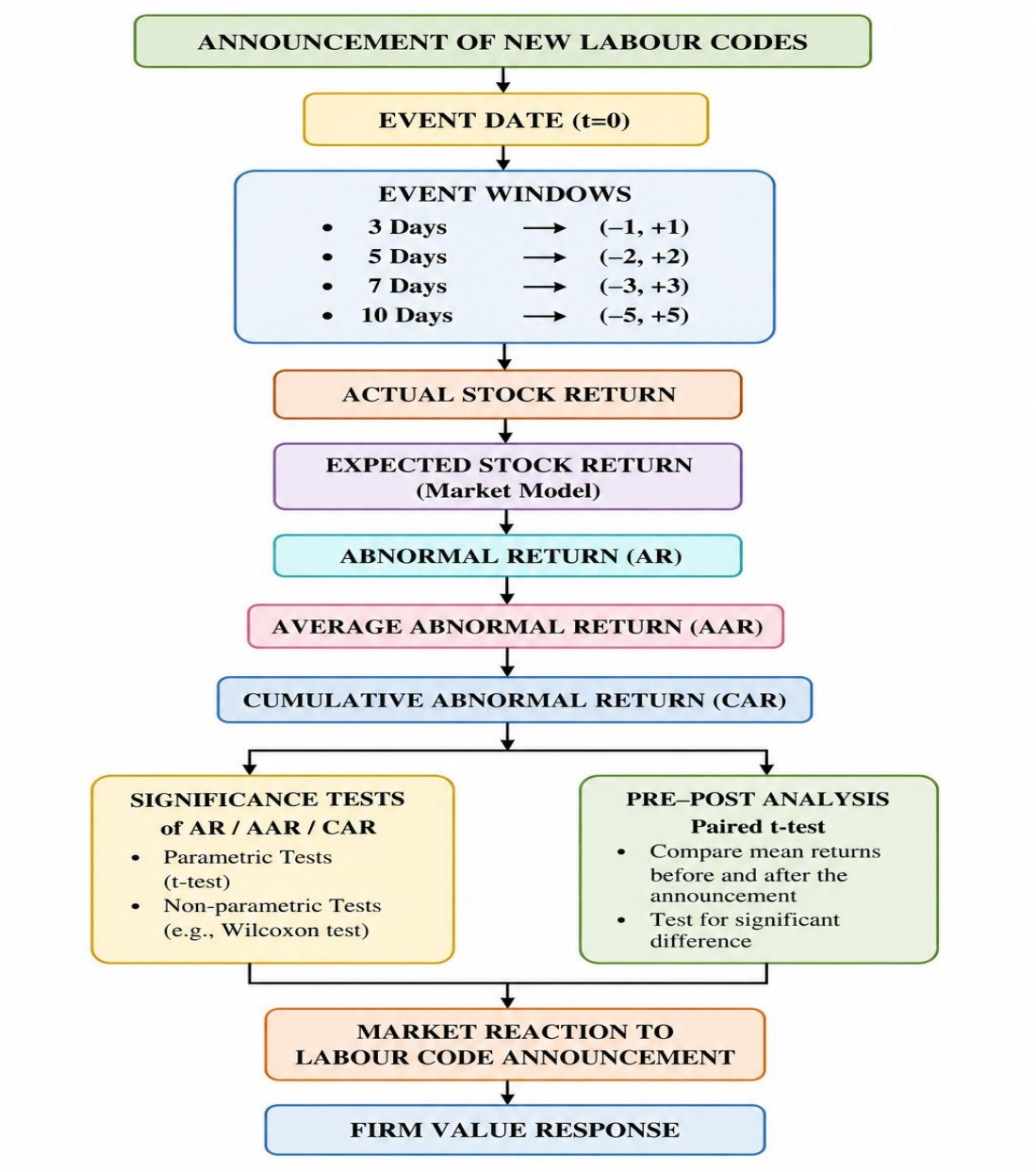
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- IT, Tech Services & BPOs

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Figure 1 Research Model for Assessing the Impact of Labour Code Announcements on Firm Value



Source: Author's compilation based on Fama, Fisher, Jensen and Roll (1969), MacKinlay (1997), and Kothari and Warner (2007)

IV.Analysis And Discussion

This chapter presents the analysis of the impact of labour market reform announcements on the market value of selected companies in India. The analysis is based on the stock price data of the selected companies and adopts the event study methodology to assess the market's response to the announcements. The Market Model is used to calculate expected returns. From the market model the abnormal returns (AR) and cumulative abnormal returns (CAR) have computed by the researchers. Firm and industry level variations in the stock prices towards the event window have presented in this chapter.

The results are reported in a systematic manner, beginning with the Market Model Estimation Results for Sample Companies, which provide the estimated parameters used to calculate expected returns. Then, company-wise abnormal returns are examined to identify the daily deviations of actual returns from expected returns during the

event window. The Daily Average Abnormal Returns (AAR) and Cross-Sectional Significance Tests are then presented to assess the direction, magnitude and statistical significance of the market's daily response to the announcements.

Table 1 - Market Model Estimation Results for Sample Companies

Name of the Company	Constant (α)	Slope (β)	R Square	Std.Error
Maruti Suzuki India Ltd.	0.001	0.736	0.188	0.012
Tata Steel Ltd.	0.001	1.428	0.380	0.014
Bharat Heavy Electricals Ltd.	0.001	1.468	0.272	0.019
Mahindra & Mahindra Ltd.	0.001	1.274	0.316	0.015
Page Industries Ltd.	-0.001	1.029	0.258	0.014
K.P.R. Mill Ltd.	0.0005	0.7283	0.0507	0.0245
Raymond Ltd.	-0.004	1.060	0.027	0.049
Bata India Ltd.	-0.001	0.618	0.077	0.017
Eternal Ltd. (Zomato)	0.0008	1.3998	0.2001	0.0217
Swiggy Ltd.	-0.0011	1.3524	0.1275	0.0275
Delhivery Ltd.	0.0013	0.7906	0.0703	0.0223
FSN E-Commerce Ventures Ltd. (Nykaa)	0.0014	0.9551	0.1738	0.0162
Larsen & Toubro Ltd.	0.0000	1.7111	0.4024	0.0110
DLF Ltd.	-0.0005	1.6863	0.4625	0.0141
Godrej Properties Ltd.	-0.0010	1.7811	0.3537	0.0187
NBCC (India) Ltd.	0.0007	1.7135	0.2800	0.0213
Tata Consultancy Services Ltd.	-0.0021	0.9467	0.3471	0.0101
Infosys Ltd.	-0.0019	1.2709	0.3608	0.0131
Firstsource Solutions Ltd.	-0.0007	1.2094	0.1296	0.0243
Wipro Ltd.	-0.001	1.084	0.247	0.015

Source: Author’s own calculation on the data from NSE India website

It is revealed from the market model estimation results that the estimated beta coefficients range from 0.618 for Bata India Ltd. to 1.7811 for Godrej Properties Ltd., indicating differences in systematic risk across the sample. One could observe from the Table-1 that 75% of the sample’s beta coefficients are greater than one. This indicates that these firms have high fluctuations to market movements during the estimation period . On the other hand, companies viz., Bata India, K.P.R. Mill and Maruti Suzuki have the beta coefficients below one.

The explanatory power of the market model also varies significantly across firms. This could be identified in the R-squared values. DLF Ltd's R-squared value recorded at 0.4625 which is the highest among the samples, followed by Larsen & Toubro Ltd. at 0.4024. On the other side, Raymond Ltd. records the lowest R-squared at 0.027. These results indicated that the market movements explain different proportions of the variation in individual stock returns.

The basis for estimating expected returns and subsequently calculating abnormal returns during the event period is obtained from the Table-1. The estimated parameters are used to examine the stock market response to the announcements of India's labour codes.

Table -2 Abnormal Returns of selected firms on the event window

Name of the Company	t-10	t-9	t-8	t-7	t-6	t-5	t-4	t-3	t-2	t-1	t0	t+1	t+2	t+3	t+4	t+5	t+6	t+7	t+8	t+9	t+10
Maruti Suzuki India Ltd.	0.1229	0.3339	-0.0046	-0.2888	0.2322	-0.5597	0.8447	0.5224	-1.5118	-0.2881	1.3666	0.0092	-0.3117	0.6733	-1.6691	-0.0800	1.2119	1.1900	-0.9332	-0.7779	1.2733
Tata Steel Ltd.	2.2999	-0.5111	-1.0227	-2.4545*	-1.2227	-1.6635	-1.3007	0.0400	-0.4557	-1.3099	-2.0222	-1.0888	0.8886	0.1288	-1.0775	-0.1444	0.4435	0.1667	-0.3771	-0.4644	-0.7445
Bharat Heavy Electricals Ltd.	1.5033	3.0669	3.8044*	-0.6544	-2.0111	-0.1988	0.7400	1.7866	-0.8332	-2.2110	-0.3288	-1.0775	2.1663	0.5288	0.2881	0.0122	0.1445	1.1444	-2.2332	-1.3344	-0.1944
Mahindra & Mahindra Ltd.	2.0177	-1.1740	1.6773	-0.8089	-1.5227	-0.2227	0.4211	-0.6118	-0.0002	-0.8889	1.4366	-1.0888	-0.2667	-1.1622	-0.2442	2.0777	-0.3337	-0.0023	-1.6330	0.3233	0.4400
Page Industries Ltd.	0.1300	0.9336	-0.3255	0.6299	-2.6699*	0.4442	-1.0422	-0.0026	-1.5900	-1.0772	1.4277	0.4755	-0.4300	0.0043	-0.1100	-1.4071	-2.1771	1.2009	-0.6788	0.6333	-0.6277
K.P.R. Mill Ltd.	-0.8977	-2.8333	4.4566*	-1.0009	-0.0022	-1.1773	0.3933	3.4900	-1.5111	-1.7911	-0.3255	2.0933	-2.4448	0.5597	-1.3883	-0.1900	-3.3445	-1.1933	-1.9445	-2.5388	-0.5668

Raymond Ltd.	-2.0771	-5.7888	4.2446	0.3772	-0.5532	-0.3004	-0.9225	0.3800	-1.8834	-0.4669	-1.4559	-1.3114	2.1883	-2.0111	1.3773	0.6588	1.1044	-1.1179	-1.8834	-1.5887	-0.3922
Bata India Ltd.	1.2333	-1.2441	-0.4144	0.7003	-0.9332	-1.7793	-1.3338	0.3900	-0.5001	-0.4553	-0.4744	0.9112	0.3663	-1.2236	0.0081	0.0065	-2.3333	-0.4491	1.5556	-1.7443	0.4555
Eternal Ltd. (Zomato)	0.1664	-2.0449	0.7004	-0.0083	-3.6767*	1.7769	1.2722	-0.6211	-0.7003	-0.7331	-1.0229	0.1900	0.7556	-0.3077	-1.4770	-0.8887	-0.5333	0.3773	-0.7762	-1.0008	-2.0333
Swiggy Ltd.	-0.4277	-3.9233	1.3661	-0.4559	-3.1011	2.5611	0.0005	0.2883	0.2966	-0.9889	-1.7888	5.6464*	-1.9770	-2.1200	-1.4066	-1.9882	2.9889	3.6200	1.3116	-0.5558	-2.4661
Delhivery Ltd.	-3.0277	-0.8441	0.0079	-0.3887	0.4772	0.3144	0.4000	-0.7844	-0.5333	-2.8449	-1.5422	-2.8033	1.2778	1.0199	1.2331	0.1299	-2.0668	-1.7340	-1.7400	-0.3655	0.1511
FSN E-Commerce Ventures Ltd. (Nykaa)	-0.1866	5.6332*	-0.1311	-2.8004*	-0.0999	0.9822	2.7884*	0.3355	-0.6111	-0.8005	0.2299	1.2400	-0.1288	-3.5454*	-0.0027	0.8344	-0.9444	-0.7888	-1.3885	-1.3244	-0.9775
Larsen & Toubro Ltd.	0.0999	0.5466	0.3755	-0.8399	1.1992	-0.0977	0.1110	-0.2377	-0.1449	-0.1889	0.2400	0.1955	-0.0081	0.1779	0.4255	-0.2355	0.2006	-0.4111	-0.8511	-0.3330	0.6779
DLF Ltd.	0.3111	-0.4149	-0.0053	-1.6655	0.5022	-0.1443	-0.1444	-1.6400	-1.7700	-1.1994	-1.2755	-0.3000	1.0388	-0.7226	-0.7477	-0.1116	-1.3088	0.9334	-0.2399	-0.0688	0.5288
Godrej Properties Ltd.	-2.1077	0.6900	-1.1688	0.4788	0.6344	-0.5833	-1.1244	-0.7433	-1.8332	-1.1667	-0.6099	-1.2899	2.9355	-1.1334	-0.8299	1.0555	-0.5744	1.1311	-1.0133	0.3400	-0.8133

NBCC (India) Ltd.	1.799	-0.796	-0.523	-2.621	-2.839	4.46*	1.596	-0.979	-2.681	1.624	-2.171	4.07*	1.387	-1.407	-1.055	-0.607	1.241	-1.459	-1.542	-0.992	-1.482
TCS	-0.364	1.018	0.480	2.32*	-0.640	0.102	-0.294	0.095	1.648	-0.393	0.838	0.302	-0.222	0.435	-0.663	0.280	0.173	0.798	1.78*	1.579	-0.071
Infosys Ltd.	0.961	2.262*	0.696	0.689	-0.469	-2.49*	-0.002	-0.716	3.16*	-0.794	1.340	0.909	-0.573	0.396	0.681	-0.156	0.567	0.691	1.545	1.149	0.604
Firstsource Solutions Ltd.	-2.937	2.734	0.140	2.970	-0.452	-0.569	-0.235	-0.703	1.744	-3.384	1.412	-4.36*	2.903	-0.801	-0.758	-1.031	0.628	0.127	1.124	0.536	-1.639
Wipro Ltd.	-1.279	1.197	0.390	0.827	0.161	-0.391	-0.434	-0.730	1.679	-0.374	-0.076	1.719	-0.218	0.640	-0.165	0.170	0.543	0.680	2.129	0.810	0.654

Source: Authors' own calculation
Note: * denotes statistically significant

It is found from the Abnormal Returns calculated to the selected samples that on the day of labour code announcement (t0), abnormal returns of the 8 firms were positive and the remaining were produced negative returns. Abnormal Returns (AR) of Maruthi Suzuki, Mahindra and Mahindra, Page Industries and First Source solutions were more than 1 percent positive on the event day. On the other side, Abnormal Returns of Tata Steel, Raymond Ltd, Zomato, Swiggy, Delhivery, DLF, NBCC were more than 1 percent negative on the event day. It could be further observed that abnormal returns of the samples were not statistically significant on the event day.

Interestingly, on the next day of event day i.e., t+1, 12 firms have recorded positive abnormal returns. Among the 12 firms, Swiggy Ltd and NBCC's have reported the highest positive abnormal returns of 5.64 percent and 4.07 percent respectively. The returns were statistically significant. Among the 8 firms reported negative returns on t+1, First Source solution and Delhivery Ltd have generated -4.36 percent and -2.803 percent respectively.

The researchers have identified from the industry-wise Average Abnormal Returns (AAR) presented in the chat-1 that the Auto and Apparels Industry's AAR were positive during the pre-event windows, event day and started to fluctuate during the post-event window. The quick commerce, Construction and IT industries' AAR on the event day were negative and started volatile. An increasing trend in AAR could be observed in IT industry during all the post-event windows.

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Chart-1 Average Abnormal Returns of Selected Industries



Table – 3 Daily Average Abnormal Returns (AAR) and Cross-Sectional Significance Tests During the Event Window

Event Day	AAR (%)	Cross-sectional SD (%)	t-statistic	Positive Firms	Negative Firms
t-10	-0.133	1.563	-0.379	11	9
t-9	-0.058	2.552	-0.101	10	10
t-8	0.736	1.633	2.015**	12	8
t-7	-0.254	1.489	-0.763	8	12

t-6	-0.851	1.380	-2.75**	6	14
t-5	0.021	1.552	0.061	7	13
t-4	0.086	1.042	0.371	10	10
t-3	-0.024	1.108	-0.096	9	11
t-2	-0.400	1.486	-1.202	5	15
t-1	-0.986	1.049	-4.20**	1	19
t0	-0.241	1.244	-0.864	8	12
t+1	0.226	2.203	0.459	12	8
t+2	0.462	1.433	1.441	10	10
t+3	-0.490	1.184	-1.85**	10	10
t+4	-0.377	0.883	-1.91**	6	14
t+5	-0.078	0.884	-0.393	9	11
t+6	-0.165	1.502	-0.491	12	8
t+7	0.125	1.254	0.445	11	9
t+8	-0.385	1.424	-1.209	6	14
t+9	-0.386	1.059	-1.630	7	13
t+10	-0.361	1.003	-1.608	8	12

Note: ** Statistically Significant at 5% Level

The event day wise average abnormal returns , their cross-sectional Standard Deviation (Risk) , and t statistics presented in the Table-3. One could notice that negative returns have reported during the pre-event windows and on the day of the event. It has indicated from the positive returns recorded on the t+1 and t+2 that the labour code announcement has positively influenced the majority of the sample.

Table 4- Results of Paired Sample t test for Industry-wise Average Abnormal Returns (AAR)

Industry	**Mean**	**S.D**	**t-statistic**	**Significance (5%)**
AUTO	0.4980	1.2886	0.122	Not Significant
APPARELS	0.6440	1.4080	1.45	Not Significant
Q.COMMERCE	0.7710	1.1008	0.221	Not Significant
CONSTRUCTION	-0.2505	0.7415	-1.069	Not Significant
IT	-0.1568	1.2983	-0.384	Not Significant

The paired-sample t-test was applied to assess if there existed any significant difference between the mean abnormal returns before and after the Labour Code announcement. It is observed from the t-values of the selected industries that all are statistically not significant at the 5% level . Therefore, the null hypothesis of no significant difference between the two periods is accepted. This indicates that the average abnormal returns before and after the Labour Code announcement did not differ significantly.

Table 5-One-Way Anova Of Aar Across Selected Industries

Ho: There is no significant difference existed across the five industries in terms of Average Abnormal Return .					
Source of variation	**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
Between Groups	6.850	4	1.713	2.409	.054**
Within Groups	71.094	100	.711		
Total	77.944	104			

Note: ** Statistically Significant at 5% Level

The researchers have conducted one-way ANOVA to evaluate whether the average abnormal returns differed significantly across the five selected industries. The analysis tests the null hypothesis that the mean Abnormal Returns are equal across industries selected for this study . A statistically significant F-statistic (2.409) (p val = 0.054) would indicate that at least one industry's mean AAR differs from the others.

Table – 5 Daily Cumulative Abnormal Returns (CAR) and Cross-Sectional Significance Tests During the Event Window

Event Day	CAR (%)	Cross-sectional SD (%)	t-statistic
t-10	-2.65	1.56	-7.58**
t-9	-1.15	2.55	-2.02
t-8	14.72	1.63	40.29**
t-7	-5.08	1.49	-15.27**
t-6	-17.03	1.38	-55.17**
t-5	0.43	1.55	1.23
t-4	1.73	1.04	7.42**
t-3	-0.47	1.11	-1.91
t-2	-7.99	1.49	-24.04**
t-1	-19.72	1.05	-84.04**
t0	-4.81	1.24	-17.29**
t+1	4.53	2.20	9.19**
t+2	9.24	1.43	28.83**
t+3	-9.81	1.18	-37.06**
t+4	-7.55	0.88	-38.23**
t+5	-1.56	0.88	-7.87**
t+6	-3.30	1.50	-9.81**
t+7	2.50	1.25	8.91**

t+8	-7.70	1.42	-24.17**
t+9	-7.72	1.06	-32.60**
t+10	-7.22	1.00	-32.17**

Note: ** Statistically Significant at 5% Level

The event day wise cumulative abnormal returns , their cross-sectional Standard Deviation (Risk) , and t statistics presented in the Table-6. One could observe that that higher negative returns have identified during the pre-event window. From the event day and during the post event window, the negative CAR has reduced relatively. It is indicated from the positive returns recorded on the t+1 and t+2 that the labour code announcement has positively influenced the majority of the sample. It could be further observed that all the CARs during the entire event window were statistically significant except for t-9, t-5 and t-3.

Table 6 **– Cumulative Abnormal Returns (CAR) of selected firms on the event window**

Name of the Company	t-10	t-9	t-8	t-7	t-6	t-5	t-4	t-3	t-2	t-1	t0	t+1	t+2	t+3	t+4	t+5	t+6	t+7	t+8	t+9	t+10
Maruti Suzuki India Ltd.	0.00079	0.00047	0.00029	-0.00033	-0.00006	-0.00036	0.00025	0.01137	-0.00099	-0.0118	0.01099	0.01146	-0.00023	0.00036	-0.01002	-0.01177	0.01114	0.02241	0.00026	-0.01711	0.00049
Tata Steel Ltd.	0.01555	0.01779	-0.01544	-0.03449	-0.03699	-0.00286	-0.00294	-0.01127	-0.00422	-0.01777	-0.03333	-0.00311	-0.00022	0.01011	-0.00095	-0.01222	0.00029	0.0006	-0.00022	-0.00083	-0.01211
Bharat Heavy Electricals Ltd.	-0.00075	0.04577	0.00687	0.03155	-0.00267	-0.00221	0.00054	0.00253	0.00095	-0.00304	-0.02554	-0.0014	0.01099	0.00269	0.00081	0.00029	0.00016	-0.001	-0.00338	-0.00357	-0.00153
Mahindra & Mahindra Ltd.	0.03444	0.00084	0.0005	0.00086	-0.00234	-0.00176	0.00019	-0.0002	-0.00062	-0.00089	0.00055	0.00035	-0.00136	-0.00143	-0.0014	0.00183	0.00174	-0.00036	-0.00165	-0.00131	0.00076
Page Industries Ltd.	-0.00034	0.01077	0.00061	0.0003	-0.00206	-0.00225	-0.0006	-0.00107	-0.00162	-0.00266	0.00035	0.0019	0.00004	-0.00039	-0.00007	-0.00152	-0.00358	-0.00096	0.00053	-0.00005	0.00001
K.P.R. Mill Ltd.	0.00161	-0.00373	0.00162	0.00345	-0.00103	-0.00119	-0.00078	0.00388	0.00198	-0.0033	-0.00212	0.00177	-0.00036	-0.00185	-0.00079	-0.00157	-0.00354	-0.00454	-0.00314	-0.00448	-0.00311

Raymond Ltd.	-0.0093	-0.0786	-0.0154	0.0462	-0.0016	-0.0084	-0.0123	-0.0054	-0.0145	-0.023	-0.0193	-0.0277	0.0087	0.0017	-0.0064	0.0203	0.0176	-0.0007	-0.0301	-0.0342	-0.0198
Bata India Ltd.	0.0013	-0.0001	-0.0166	0.0029	-0.0023	-0.0273	-0.0313	-0.0095	-0.0011	-0.0095	-0.0093	0.0044	0.0128	-0.0087	-0.0115	0.0015	-0.0227	-0.0282	0.0107	-0.0019	-0.0129
Eternal Ltd. (Zomato)	-0.0194	-0.0189	-0.0135	0.0062	-0.0376	-0.0191	0.0304	0.0065	-0.0132	-0.0143	-0.0176	-0.0084	0.0095	0.0045	-0.0178	-0.0236	-0.0035	0.0091	-0.0039	-0.0177	-0.0304
Swiggy Ltd.	-0.0212	-0.0435	-0.0256	0.0009	-0.0356	-0.0054	0.0257	0.0029	0.0058	-0.0069	-0.0278	0.0386	0.0367	-0.0409	-0.0353	-0.0339	0.0101	0.0661	0.0494	0.0076	-0.0302
Delhivery Ltd.	-0.1116	-0.0387	-0.0076	-0.0031	0.0008	0.0079	0.0071	-0.0038	-0.0132	-0.0338	-0.0439	-0.0434	-0.0152	0.0023	0.0225	0.0136	-0.0194	-0.0038	-0.0347	-0.0021	-0.0021
FSN E-Commerce Ventures Ltd. (Nykaa)	-0.0187	0.0545	0.0055	-0.0293	-0.0029	0.0088	0.0377	0.0312	-0.0028	-0.0142	-0.0058	0.0147	0.0111	-0.0367	-0.0357	0.0081	-0.0011	-0.0173	-0.0217	-0.0271	-0.0023
Larsen & Toubro Ltd.	-0.0059	0.0064	0.0092	-0.0046	0.0035	0.0109	0.0001	-0.0013	-0.0039	-0.0034	0.0005	0.0044	0.0011	0.0001	0.0006	0.0019	-0.0003	-0.0021	-0.0126	-0.0118	0.0035
DLF Ltd.	-0.0116	-0.0011	-0.0047	-0.0172	-0.0116	0.0036	-0.0029	-0.0178	-0.0341	-0.0296	-0.0247	-0.0158	0.0074	0.0031	-0.0147	-0.0086	-0.0142	-0.0037	0.0007	-0.0031	0.0046
Godrej Properties Ltd.	-0.0574	-0.0142	-0.0048	-0.0069	0.0111	0.0005	-0.0171	-0.0187	-0.0257	-0.003	-0.0178	-0.0019	0.0165	0.0018	-0.0196	0.0023	0.0048	0.0056	0.0012	-0.0067	-0.0047
NBCC (India) Ltd.	0.000	0.001	-0.00	-0.00	-0.00	0.001	0.006	0.000	-0.00	-0.00	-0.00	0.00	0.005	-0.00	-0.00	-0.00	0.000	-0.00	-0.	-0.00	-0.00

	12		132	314	546	62	06	62	366	106	055	19	46	002	246	166	63	022	03	253	247
TCS	0.00086	0.00065	0.0115	0.0028	0.00168	-0.00054	-0.00019	-0.0002	0.00174	0.00125	0.00045	0.0114	0.00008	0.00021	-0.00023	-0.00038	0.00045	0.00097	0.0025 9	0.00337	0.00151
Infosys Ltd.	0.015	0.00322	0.00296	0.00139	0.00022	-0.00296	-0.0025	-0.00072	0.00245	0.00237	0.00055	0.00225	0.00034	-0.00018	0.0108	0.00053	0.00041	0.00126	0.00224	0.00269	0.00175
Firstsource Solutions Ltd.	-0.00281	-0.0002	0.00287	0.00311	0.00252	-0.00102	-0.0008	-0.00094	0.00104	-0.00164	-0.00197	-0.00295	-0.00146	0.0021	-0.00156	-0.00179	-0.0004	0.00076	0.00125	0.00166	-0.00111
Wipro Ltd.	0.00012	-0.00008	0.00159	0.00122	0.00099	-0.00023	-0.00082	-0.00116	0.00095	0.00131	-0.00045	0.00164	0.0015	0.00042	0.00048	0.00001	0.00071	0.00122	0.00281	0.00294	0.00146

Source: Authors' own calculation
Note: * denotes statistically significant

V.Conclusion And Scope For Further Research

This study examined the stock-market response to the announcement of labour market reforms in India. The main objective of the study is to examine the impact of a non-economic policy announcement on firm's market value in capital market. The researchers have applied event-study methodology to analyse the abnormal and cumulative abnormal returns of the selected firms around the announcement dates. The analysis considered firm-level and industry-level stock price variations across different event windows. After the extensive analysis the researchers found that the Labour Code announcements were associated with variations in abnormal returns around the event period. The pattern of abnormal returns, average abnormal returns and cumulative abnormal returns differed among the selected firms and industries indicating that the market response was differ across the sample. Few firms exhibited positive abnormal returns around the announcement dates. Others experienced negative abnormal returns during particular event windows.

The statistical significance tests provide further evidence regarding the nature of the market response. It is evident from the paired-sample t-test that the mean returns before and after the announcement not differed significantly. This indicates that the announcement not associated with a statistically significant change in the market-related measure. Overall, the study provides evidence on how the Indian capital market responded to major labour-market policy announcements.

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Annexure- 1 List of Selected Companies

Sl No	Company Name	Industry
1	Maruti Suzuki India Ltd.	**Manufacturing & Heavy Industry**
2	Tata Steel Ltd.	
3	Bharat Heavy Electricals Ltd.	
4	Mahindra & Mahindra Ltd.	
5	Page Industries Ltd.	**Textiles, Apparel & Footwear**
6	K.P.R. Mill Ltd.	
7	Raymond Ltd.	
8	Bata India Ltd.	
9	Eternal Ltd. (Zomato)	**Gig & Platform Economy**

10	Swiggy Ltd.	
11	Delhivery Ltd.	
12	FSN E-Commerce Ventures Ltd. (Nykaa)	
13	Larsen & Toubro Ltd.	**Construction & Real Estate**
14	DLF Ltd.	
15	Godrej Properties Ltd.	
16	NBCC (India) Ltd.	
17	Tata Consultancy Services Ltd.	**IT, Tech Services & BPOs**
18	Infosys Ltd.	
19	Firstsource Solutions Ltd.	
20	Wipro Ltd.	