

Do Corporate Disclosure Practices Ensure Equitable Market Participation? Evidence from Rights Issue Announcements with Implications for Investors with Disabilities

Ardra Mani¹, Dr. Jose Joy Thoppan²

¹Research Scholar, APJ Abdul Kalam Technological University, Thiruvananthapuram & Saintgits College of Engineering (Autonomous), Kottayam, ardra.mani@saintgits.org

²Professor & Associate Dean, Department of Business Administration, Saintgits College of Engineering (Autonomous), Kottayam, jose.joy@saintgits.org

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ABSTRACT:

This study examines the accessibility and equity in dissemination of financial information in the Indian equity market by analysing stock price reactions to rights issue announcements. The event study methodology is adopted to investigate whether publicly available corporate information is efficiently and equitably absorbed by all market participants. The findings reveal significant abnormal returns prior to announcements, indicating potential information leakage, as well as persistent abnormal returns following announcements, suggesting delay in the assimilation of information.

While traditional interpretations of such results point to market inefficiency, this study extends that analysis further by highlighting the implications on the inclusive participation in financial markets. Specifically, delays and asymmetries in information flow may put vulnerable groups at a disproportionate disadvantage. These include individuals with disabilities who may face barriers in accessing, interpreting, or acting upon financial information.

The study underscores the importance of accessible communication, inclusive financial education, and equitable disclosure mechanisms to ensure broader participation. The findings have implications for financial and special educators, policymakers, and service providers working toward enhancing financial literacy and inclusion for individuals with disabilities, while also aiding regulatory efforts at improving transparency and accessibility to financial markets.

Keywords: Inclusive finance, Information accessibility, Financial literacy, Disability inclusion, Event study, Market efficiency

Introduction

Equitable access to information is a basic prerequisite to informed decision-making in financial markets. The Efficient Market

Hypothesis (EMH), a cornerstone of financial theory that evolved from seminal works by Samuelson (1965) and Fama (1970), posits that asset prices fully reflect all available information, making it impossible for investors to consistently

achieve abnormal returns over extended periods. While the theoretical framework assumes that all market participants have uniform access to information, the real-world situations often reveal significant disparities in the availability, accessibility, and interpretation of financial information.

Such disparities are particularly more pronounced in cases where individuals with disabilities, are likely to face additional barriers in engaging with financial markets (Bhat et. Al, 2026). These barriers include limited accessibility to financial disclosures, cognitive or perceptual challenges in processing complex financial data, and inadequate financial literacy. Consequently, even publicly available information may not be equally usable by all investors, raising important questions about the inclusiveness of financial systems.

Against this background, the present study examines the behaviour of stock prices around rights issue announcements in the Indian equity market between 2018 and 2023. Using an event study methodology, the research evaluates if the markets reflects publicly available information efficiently and if any deviations from efficiency potentially indicate broader issues of information asymmetry. While abnormal returns are traditionally interpreted as evidence of insider trading or delayed market response, they may also signal inequities in how different groups access and process information.

In emerging markets like India (Sheikh, Wang, & Khan, 2013; Mishra & Kapil, 2018), where family based ownership structures are prevalent (Roy, A., 2016) and information dissemination mechanisms can vary in their effectiveness, such concerns are particularly pronounced (Pandey, D. K., & Kumari, V., 2022). Rights issues, which directly involve existing shareholders, provide a valuable context for examining how financial information is conveyed and absorbed. If market participants react at different times to a given information made available at a particular time, this may not only reflect inefficiency but also highlight structural barriers to inclusive participation.

This study, therefore, contributes to the literature by extending the discussion of market efficiency beyond traditional financial metrics to include considerations of accessibility and inclusion. By examining the dynamics of information flow through the lens of equity, this research aims to highlight to educators, policymakers, and service providers on the need for more concerted efforts to enhance financial literacy and inclusion among individuals with disabilities.

The article is structured as given: The subsequent section comprises an extensive literature review and the background of the study. This is succeeded by the section on hypothesis development and data and methodology. The third section scrutinizes the study's findings and conclusion.

Literature Review and Hypotheses Development

The Efficient Market Hypothesis (EMH), originally proposed by Samuelson (1965) and further developed by Fama (1970), propose that asset prices fully reflect all available information. In the semi-strong form of EMH, stock prices are expected to adjust instantaneously to new publicly available information, while leaving no opportunity for investors to earn abnormal returns by adopting systematic strategies. Empirical investigations of market efficiency in India, however, present a mixed set of findings. While some studies suggest semi-strong efficiency (Krishnan & Periasamy, 2022; Prithul Chakraborty (2011); Kumar, et. al., (2012); Anjali and Raju (2017); Goyal & Gupta, 2019), others document persistent abnormal returns around corporate announcements, indicating inefficiencies in the assimilation of information (Mallikarjunappa & Dsouza, 2013; Mishra, 2004). Roji, G., et. al., (2007), A. K., Mishra (2004), and Lahiri (2012), have also observed abnormal returns during event announcements prove that Indian markets are semi-strong inefficient. The literature provides mixed results on the efficiency of the market.

Traditionally, such inefficiencies are attributed to insider trading, delayed dissemination of information, or behavioural biases among

investors. However, interdisciplinary perspectives suggest that information asymmetry may not just arise from differences in access to private information but also from differences in the accessibility and usability of public information (Puli et al., 2024). This interpretation is particularly relevant when examining financial markets through the lens of inclusion and equity.

Against this background, rights issue announcements provide a relevant context for examining how financial information is disseminated and absorbed by the market. As a corporate action directly affecting shareholders, rights issues require timely understanding and interpretation of information. Rights issue is a corporate event which serves as a capital-raising method for firms by addressing existing shareholders and can cause both positive and negative market reactions (Alhashel, B. S., & Alojayan, H. H., 2015; Malhotra, M. et. al., 2017). Notably, mature economies like the United States adopt rights to raise equity capital (Holderness, C. G., & Pontiff, J., 2016) because they have developed bond markets and tax advantages to bond issuances (Tan et. al., 2002). While Seasoned Equity Offerings (SEOs) have typically registered negative effects on shareholders' wealth (Masulis and Korwar, 1986), those arising from rights issues have demonstrated a balanced contrast.

In the United States, an observed trend of negative abnormal returns is generally observed. For example, White and Lusztig (1980) reported negative returns in the U.S. for rights offerings conducted between 1962 and 1972. Further, this pattern is corroborated by additional studies by Mikkelsen and Partch (1986) and Eckbo and Masulis (1992). Kabir and Rosenboom (2003) observed an average abnormal return of -2.79% in the Netherlands. Further, Onclin (2014), recorded negative abnormal returns while examining 34 Dutch rights issues. Slovin et. al (2000) registered a -3.09% cumulative average abnormal return (CAAR) for rights in the UK and this pattern goes with South Korea where -10.5% CAAR was reported by Kim and Song (2020). On the other hand, positive returns were identified in Kuwait by Alhashel and Alojayan

(2015) around 5% in (-2, 2) window; Tan et al. (2002) reported positive returns in Singapore; a study conducted in Greece by Tsangarakis (1996) documented statistically positive abnormal returns on the day of the announcement.

In India, the effect of rights issues on stock prices presents a balanced contrast. Malhotra et al. (2007) discuss a positive market reaction to the announcements, revealing a CAAR of 1.92% during the event window (0,1). These findings find reinforcement in the work of Srinivasan (1993), Rao (1994), Miglani (2011) which observed that the actual stock performance of the companies exceeded the anticipated market-adjusted returns. In contrast, studies also register negative returns after the announcement in the Indian market (Marisetty, V. B., 2007; Rajesh, J., 2016). Given the comparatively low level of investor protection in our markets and insider trading, as highlighted by Du and Wei (2004), there is a continuous call for scrutiny of the functioning of India's financial markets.

The presence of information asymmetry in the issuance of shares has evolved into a crucial consideration, constraining the issuance process and serving as a potential determinant in equity-related matters, including the selection of the offering mechanism (Banerjee and Deb, 2015). As a corporate action directly affecting shareholders, rights issues require timely understanding and interpretation of information. Differences in the timing of market responses may reflect not only inefficiencies but also disparities in access, comprehension, and usability of information across different groups of investors.

Thus, this study contributes to the literature by combining financial market analysis with insights from disability studies and inclusive education. By examining abnormal stock price reactions through the lens of accessibility and equity, the research extends the understanding of information asymmetry beyond traditional interpretations and highlights the importance of ensuring that financial information is not merely available, but accessible and usable for all.

In conventional financial research, abnormal returns observed prior to a corporate announcement are interpreted as evidence of information leakage or insider trading (Bergh et al., 2019). Such patterns suggest that certain investors may possess access to private information before it becomes publicly available. However, from an accessibility perspective, pre-announcement price movements may also reflect broader inequalities in how information is distributed, accessed, and understood across different groups.

Individuals with disabilities may face unique challenges in accessing financial information due to barriers in format, communication channels, and cognitive load. These barriers may delay or limit their ability to interpret and act upon information, even when it is publicly available. As a result, the existence of abnormal returns prior to announcements may indicate not only informational advantages among insiders but also structural inequities in access to actionable financial knowledge (Puli et al., 2024). Accordingly, the first hypothesis is formulated as follows:

H₀₁: There is no information asymmetry in the period preceding the rights issue announcement.

Rejection of this hypothesis would suggest the presence of abnormal returns before the announcement, indicating potential inequalities in access to information.

The second hypothesis focuses on testing efficiency in the Indian market. Under the EMH, we test for the semi-strong form efficiency. In an efficient market, stock prices are expected to fully and immediately disseminate all publicly available information, leaving no room for abnormal returns (Elangovan et. al., 2022). Once the information is released at t_0 , it should be instantaneously reflected in the prices, implying that prices in t_{+1} should not carry the same information and react to it (Malkiel, 2003). However, persistent abnormal returns after announcements suggest that information is not being assimilated efficiently.

From an inclusion perspective, such delays may reflect differences in the ability of market

participants to process and interpret information. Individuals with disabilities may encounter additional challenges when financial disclosures are not presented in accessible formats. Consequently, delayed market responses may not only indicate inefficiency but also reveal disparities in the usability of information across investor groups. Based on the above reasoning, the second hypothesis is stated as follows:

H₀₂: The abnormal returns post the rights issue announcements are close to zero.

Rejection of this hypothesis would indicate that information is not fully absorbed immediately after disclosure. This suggests that limitations are not only in market efficiency but also in the accessibility and comprehensibility of financial information.

Overall, this study adopts a broader conceptual approach that interprets deviations from market efficiency as potential indicators of inequity in access to financial information. By integrating financial theory with perspectives from disability policy and inclusive education, the research emphasises the importance of designing systems that enable equitable participation for all investors, including individuals with disabilities.

Methodology

This study employs the event study methodology to examine stock price reactions around rights issue announcements in the Indian equity market. Traditionally, event studies are used to test the semi-strong form of market efficiency by analysing how quickly and accurately stock prices respond to publicly available information (Fama, 1991).

In addition to its conventional application, a broader conceptual perspective is explored by using event study as an indirect tool to assess equity in information dissemination. Differences in the timing and magnitude of stock price adjustments may reflect not only market inefficiencies but also disparities in how information is accessed, interpreted, and acted upon by different groups of investors. Such variations may indicate potential structural barriers in accessibility and use of financial

disclosures, particularly among individuals with disabilities.

Thus, the methodology enables an examination of both market efficiency and the underlying question of whether publicly available financial information is effectively accessible to all participants on an equal basis.

Data

The study uses data of Indian companies listed on the National Stock Exchange (NSE) that

issued rights during the period from January 2018 to September 2023. Initially, 110 rights issue announcements were identified; however, complete data were available for only 69 firms. Firms issuing multiple rights in the same year were excluded to avoid duplication, resulting in a final sample of 65 companies. The dataset includes daily stock prices for each firm and corresponding market index data (Nifty 100), which are used to compute expected and abnormal returns.

Table 1. Number of rights issuing companies and sub-samples

Year	Number of rights issues	Ownership		Industry	
		Family firms	Non-family firms	Manufacturing	Services
2018	6	3	3	4	2
2019	8	4	4	4	4
2020	13	6	7	4	9
2021	15	8	7	7	8
2022	6	5	1	5	1
2023	17	10	7	8	9
Total	65	36	29	32	33

Standard Event study – Market model

The standard event study methodology has been widely used to measure the impact of corporate events on security prices. Among the pioneers in the area, James Dolly's (1993) work on stock splits is considered as one of the earliest contributions analysing the price action through event study technique. The study adopts event study which is one of the most widely used methodology for measuring market reactions to specific events. The present study carries out event study through the following steps:

Definition of an event - Rights issue

The event considered in the study is rights issue announcement. The announcement day is t_0 .

Estimation period

To estimate the expected return of a security at a specific time frame before the event, known as

the estimation period, is used. The estimation window is typically defined as (-85, -26) to avoid any period of noise. In contrast, the event window focuses on the time range where the effects of the event are averaged and accumulated, allowing for the identification of abnormal returns. Shorter intervals around the announcement date are analysed to gauge the event's impact (MacKinlay, 1997).

Estimation of Expected Returns

To examine the impact of rights issue announcements on stock prices, it is necessary to measure the abnormal returns. Abnormal returns is the difference between the actual return earned by the security and its expected normal return over the same period. The study employs Market model of event study to measure the expected returns which is represented as follows:

$$E(R)_{it} = \alpha_i + \beta_i R_{mt} + \varepsilon_{it} \quad (1)$$

where $E(R)_{it}$ denotes the expected return on the security i at time t , R_{mt} is the return of the market portfolio (Nifty 100) for the same period, and ε_{it} is the error term assumed to have a mean of zero.

Estimation of Abnormal Returns

The expected returns derived from the Market Model is used to calculate abnormal returns (AR) as the difference between actual and estimated normal returns. The abnormal return is denoted as:

$$AR_{it} = R_{it} - E(R)_{it}$$

The Average Abnormal Returns (AAR) for period t is

$$AAR_t = \frac{1}{N} \sum_{i=1}^N AR_{i,t} \quad (3)$$

The Cumulative Average Abnormal Returns (CAAR) is calculated by averaging the cumulative abnormal returns of all securities as follows:

$$CAAR_{tx,ty} = \frac{1}{N} \sum_{i=1}^N CAR_i \quad (5)$$

The Buy-and-Hold Abnormal returns (BHARs) captures the compounded abnormal returns of a security i over the window, is estimated as:

$$BHAR_{i,(tx,ty)} = \prod_{tx}^{ty} (1 + AR_{i,t}) - 1 \quad (6)$$

AR_{it} is the abnormal returns of a security i on a single trading day within the event window. Since stock prices are subjected to several market-wide and firm specific factors unrelated to the event under examination, abnormal returns on single day may not provide sufficient insights. Therefore, averaging abnormal returns across firms minimize the influence of unrelated impact

and provides a conclusive market reaction to the event.

CAR is the time-series aggregation of abnormal returns. CARs are aggregated for the cross-section of events to determine CAAR as it is ideal for measuring the overall effect on the average returns of the security. Above all these measures, we use Buy-and-hold abnormal returns to validate the results of CAAR as it calculates the returns of the security over a longer period.

These measures provide a comprehensive view of the dynamics in market reaction. While they are traditionally interpreted as indicators of efficiency, in this study they are additionally viewed as potential signals of variation in information accessibility and comprehension across participants. (2)

the dynamics in market reaction. While they are traditionally interpreted as indicators of efficiency, in this study they are additionally viewed as potential signals of variation in information accessibility and comprehension across participants.

Test for significance

Both parametric and non-parametric tests are used in the study. The t-test is used to examine whether the impact of the event generates significant abnormal returns. In addition, run test is applied to check randomness in the abnormal returns. Non-random patterns in abnormal returns may suggest that information dissemination and assimilation are uneven across the market. From an accessibility standpoint, such patterns may indicate that certain groups of investors are able to interpret and act on information more effectively or more quickly than others.

Empirical Results

Abnormal returns around the period of the announcement

The observed AARs during the period surrounding the rights issue announcements is presented in Table 2. 31-day event period is considered for the calculation of AARs.

Table 2. Average Abnormal Returns for 31-day period

Day (t)	Average Abnormal Returns (AAR)					t-statistics				
	All firms	Mfg. firms	Services	Family	Non-family	All firms	Mfg. firms	Services	Family	Non-family
-15	- 0.0033	- 0.0095	0.0026	0.0004	- 0.0058	0.6702	2.3314* *	0.2972	0.0545	0.9738
-14	0.0049	- 0.0008	0.0104	0.0090	- 0.0041	1.1868	0.1622	1.6772	1.8748*	0.6152
-13	- 0.0045	0.0112	- 0.0196	0.0016	- 0.0157	0.4018	1.2687	0.9855	0.2365	0.6943
-12	0.0072	0.0003	0.0139	0.0050	0.0106	1.7571 *	0.0450	2.4358* *	1.0360	1.6089
-11	0.0030	0.0072	- 0.0011	0.0006	0.0085	0.6091	0.8720	0.1955	0.1329	0.9410
-10	- 0.0066	- 0.0098	- 0.0035	- 0.0065	- 0.0073	1.7859 *	2.2182* *	0.5936	1.5222	1.1738
-9	- 0.0008	0.0033	- 0.0047	0.0017	- 0.0075	0.1811	0.6641	0.6964	0.3921	0.9842
-8	- 0.0018	- 0.0010	- 0.0026	- 0.0061	0.0008	0.5371	0.3111	0.4381	1.4110	0.1577
-7	0.0035	0.0027	0.0043	0.0063	- 0.0021	0.8110	0.4535	0.6742	1.0680	0.3479
-6	- 0.0053	- 0.0094	- 0.0013	- 0.0078	- 0.0033	1.3018	1.8559*	0.2027	1.4247	0.6263
-5	- 0.0035	- 0.0060	- 0.0011	- 0.0096	0.0009	0.9276	1.2687	0.1902	2.3894* *	0.1431
-4	0.0081	0.0077	0.0085	0.0080	0.0079	1.8182 *	1.1539	1.4069	1.3156	1.1960
-3	0.0028	0.0039	0.0017	0.0020	0.0051	0.8113	0.8389	0.3349	0.4716	0.9307
-2	0.0011	0.0009	0.0014	0.0008	0.0048	0.2550	0.1345	0.2226	0.1438	0.6854
-1	- 0.0017	- 0.0054	0.0019	- 0.0075	0.0080	0.3923	0.8569	0.3275	1.1324	1.8873*
0	0.0047	0.0106	- 0.0009	0.0102	- 0.0003	0.9778	1.4058	0.1539	1.4994	0.0441
1	0.0003	0.0084	- 0.0075	0.0059	0.0006	0.0585	1.1287	1.0431	0.7741	0.0701
2	- 0.0037	0.0032	- 0.0103	- 0.0032	0.0020	0.9125	0.5323	2.0529* *	0.5704	0.3314
3	- 0.0061	- 0.0077	- 0.0046	- 0.0121	- 0.0029	1.3043	1.2074	0.6589	2.3926* *	0.3940
4	0.0078	0.0110	0.0047	0.0076	0.0117	1.8142 *	1.7311*	0.8019	1.2047	2.2119* *
5	0.0036	0.0040	0.0031	0.0019	0.0056	0.9009	0.6893	0.5726	0.3368	1.0301
6	0.0013	0.0030	- 0.0004	0.0001	- 0.0025	0.3442	0.5541	0.0871	0.0106	0.5030
7	0.0065	0.0119	0.0013	0.0076	0.0032	1.5170	1.6251	0.2874	1.4299	0.4546

8	0.0016	0.0042	- 0.0009	0.0004	0.0028	0.3857	0.6866	0.1572	0.0681	0.5131
9	0.0011	- 0.0045	0.0065	- 0.0037	0.0028	0.2636	0.9250	0.9620	0.5694	0.5300
10	0.0021	0.0082	- 0.0037	0.0043	- 0.0008	0.5412	1.2608	0.8669	0.7864	0.1433
11	0.0009	0.0031	- 0.0011	0.0019	- 0.0019	0.1843	0.5785	0.1342	0.2589	0.2874
12	0.0031	- 0.0014	0.0075	0.0027	0.0034	0.8407	0.2746	1.3983	0.6375	0.5424
13	0.0051	0.0085	0.0018	0.0031	0.0080	1.3829	1.4912	0.3851	0.7266	1.2703
14	- 0.0007	- 0.0031	0.0016	0.0015	0.0008	0.1580	0.4628	0.2601	0.2202	0.1507
15	- 0.0034	- 0.0121	0.0050	- 0.0067	0.0041	0.9559	2.7405* *	0.9392	1.5419	0.6934

Study Period: 2018-23. **, * denote significance at 5% and 10% levels respectively (two-tailed t-test)

The average abnormal returns for the whole sample register significant values for the days -12, -4 and +4, all of which are positive. To further dissect the pattern, to see if it was consistent across categories, the sample was segmented into two sub-samples - manufacturing firms versus services firms and family business versus non-family business. Manufacturing firms registered a higher number of days on which abnormal returns were observed. In the sample of manufacturing firms, we find significant

abnormal returns in the windows before the announcement of the event which strongly indicates the potential misuse of insider information to generate undue profits during the rights issue. In the case of family and non-family firms, the windows of -14, -5 and +3 show significant abnormal returns, all of which are negative. This points to the possibility of misuse of information by the promoters or the existing shareholders to generate profits out of the event announcement.



Fig. 1. CAAR of all firms in comparison to Family Business and Non-family business

Figure 1. represents the CAARs for the 31-day event window for all the firms in comparison with FB and NFB in the sample. The graph reports a higher number of positive returns for the family firms compared to non-family firms.

The observation suggests that the announcement of the rights issues is more positively received by family firms than by non-family firms. This observation may be explained by investors perceiving the issuance of rights as an indication

of future growth prospects supported by the willingness of promoters or major existing

shareholders the inject additional capital into the company.



Fig. 2. CAAR of all firms in comparison to Manufacturing and Services firms

Fig. 2. presents the CAAR of manufacturing and service firms, the consistent upward trend in the abnormal returns of manufacturing firms. On the other hand, the CAAR of service firms tends to remain flat, with minor deviations. In total, manufacturing firms experience a more pronounced positive market reaction to rights announcements compared to service firms.

pattern is significantly skewed to one side of zero, the CAAR and BHAR are measured to validate it statistically.

Table 3. presents the announcement effect of the rights issue on the security prices for given event windows through an event study.

The above graphs and table indicate the presence of abnormal returns. Further, to check if the

Table 3. Abnormal Returns recorded around the announcement of rights issue

Event window	CAAR	t-statistic (p-value)	BHAR	t-statistic (p-value)
(-4, -3)	0.0109	1.7805 (0.0797)*	0.0111	1.7970 (0.077)*
(-2, 0)	0.0041	0.4664 (0.6425)	0.0030	0.2284 (0.819)
(-1, +1)	0.0033	0.3664 (0.7152)	0.0038	0.4113 (0.6822)
(0, +1)	0.0050	0.6564 (0.5139)	0.0053	0.6834 (0.496)
(+4, +5)	0.0113	1.8499 (0.0689)*	0.0115	1.8677 (0.0663)*

Study Period: 2018-23. Event study was conducted using the Market model returns. The significant windows are significant at 10% confidence interval.

Table 3. provides the results of CAAR and BHAR and their t statistics for six different event windows. We find positive returns for rights issues similar to the studies of Malhotra et al. (2007), Miglani (2011) and Alhashel and Alojayan (2015). The significant abnormal returns fall on the same event window for both measures of abnormal returns. Surprisingly, no abnormal returns are reported in the immediate windows (-1, +1), (0, +1) around the rights announcement. Positive abnormal returns are registered after the event announcement for all the windows taken for evaluation. Both CAAR and BHAR show positive abnormal returns of 1.11% and 1.09% for the window (-4, -3). Since significant abnormal returns were registered before the announcement of the event, we may assume the presence of potential manipulation practices by the insiders who have the informational advantage. The analysis provides evidence to reject the H_{01} , indicating information asymmetry in the period prior to the announcement of rights.

When we observe the abnormal returns of the windows after the rights issue announcement,

there are evident traces of positive returns. The CAAR and BHAR is significant in the window (+4, +5) which is days after the announcement. This proves that the information on the rights is not completely assimilated into the security prices four days post the announcement. The presence of abnormal returns persisting after the announcement day indicates a plausible departure from our second hypothesis. Therefore, based on the evidence from the event study, we reject the hypothesis of efficiency. Our results are consistent with studies by A. K., Mishra (2004) M. Raja, et. al., (2009), Lahiri (2012), and Mallikarjunappa, T., & Dsouza, J. J., (2013) which prove the Indian market to be semi-strong inefficient.

Additionally, we used the Run test to analyse the randomness of the abnormal returns. Table 4. presents the results of the run test conducted for AAR. The null hypothesis of the run test is that there is no unidirectional movement in the AAR values and hence they are random over time.

Table 4. Results of Runs test conducted for AAR

Abnormal Returns (AAR)	Runs	Mean Runs	Z-statistics (P-value)
All firms	13	15.709	-1.0451 (5.15754E-11)***
Family firms	12	14.545	-1.0705 (2.67E-11)***
Non-family firms	8	16.096	-3.0399 (3.36029E-13)***
Manufacturing firms	13	14.548	-0.65043 (8.59309E-11)***
Services firms	11	14.548	-1.4905 (8.05644E-12)***

*** p-value significant at the 1% level

Z statistics is used for testing the significance. The p-value of AAR for all the sub-samples is less

than the significance level of 0.05, suggesting that the average abnormal returns are not random but

exhibit a trend or pattern, potentially attributable to the rights issue examined in our study. The information persists and takes time to assimilate into the market pointing to the market's inefficiency. Therefore, we may suppose that the Indian markets are inefficient with evidence from the rights issue.

Discussion

The findings of this study, which is based on analysis of 65 rights issue announcements between 2018 and 2023, provide a consistent evidence about the presence of abnormal returns both before and after public disclosures. While these patterns are traditionally interpreted as indicators of market inefficiency and information asymmetry, the present study extends this interpretation by positioning these results within a broader framework of equity, accessibility, and inclusion.

From a special education and disability services perspective, the presence of pre-announcement abnormal returns reflects not only potential information leakage but also unequal access to actionable financial knowledge. Consistent with prior research, our findings reveal significant positive abnormal returns around the event, particularly in the pre-announcement window (-4, -3), rejecting our first hypothesis that there is no information asymmetry leading to the days of rights announcement. This pattern suggests an asymmetry in information flow, where insiders seem to exploit privately available information for illegal personal gains. Along with the previous results, the presence of persisting significant abnormal returns in the post-announcement window (+4, +5), lends support to rejecting our second hypothesis that the market is efficient. When certain investors are able to act on information prior to its public release which tends to indicate regulatory shortfalls, there are situations when they persist post release raises concerns about systemic inequities that are likely to be amplified for individuals with disabilities. Many individuals with visual, cognitive, or learning disabilities face challenges in accessing financial disclosures that are often presented in dense, technical, and text-

heavy formats as in the prospectus and reports accompanying such announcements. Consequently, even when information becomes publicly available, it may not be equally accessible or interpretable for all investors.

Similarly, the persistence of abnormal returns in the post-announcement period suggests that the dissemination of information by itself is insufficient to ensure meaningful market participation. For individuals with disabilities, delays in processing and interpreting financial information can be attributed not just to the lack of capability, but from inadequacies in how information is designed and communicated. This distinction is critical for policy framing; the issue is not individual limitation, but systemic barriers embedded within financial communication practices.

These findings highlight the urgent need to embed principles of universal design and accessibility within financial disclosure systems. Regulatory bodies and stock exchanges should move beyond standardised reporting formats and adopt inclusive practices such as simplified summaries, alternative text formats, audio disclosures, and compatibility with assistive technologies. Such measures would not only support individuals with disabilities but also improve overall comprehension for a wide range of investors, including those with limited financial literacy.

The role of special education and support services becomes particularly significant in this context. Regulators can support Institutions engaged in special education through the investor protection funds so that they can contribute to financial inclusion by integrating tailored financial literacy programmes into their curricula. These programmes will have to focus on enabling learners with diverse abilities better interpret financial information, understand corporate actions such as rights issues, and make informed economic choices. There is also a need for educators and service providers to collaborate with financial institutions and co-develop accessible learning resources, to bridging the gap

between theoretical knowledge and real-world participation.

Furthermore, the study underscores the importance of capacity-building and support structures for individuals with disabilities in financial decision-making. Support services may include accessible digital platforms, guided investment tools, and advisory services that accommodate diverse cognitive and sensory requirements. Such interventions meaningfully align with the broader inclusive development goals and reinforce the principle that economic participation is a fundamental aspect of social inclusion.

At the policy level, the findings call for a more integrated approach linking financial regulation with disability inclusion frameworks. Existing capital market regulations primarily focus on transparency and fairness from a market efficiency standpoint; however, they rarely incorporate accessibility as a core requirement. Policymakers will have to consider mandating inclusive disclosure standards, similar to accessibility requirements in other spheres like education and digital governance. Aligning financial regulations with disability rights frameworks—such as the principle of equal access to information—can significantly enhance participation and reduce structural inequalities.

Additionally, the observed differences across firm types (Cronqvist and Nilsson, 2005), particularly the stronger pre-announcement effects in certain sub-samples, suggest that governance structures influence how information is disseminated and utilised. This reinforces the need for stronger oversight mechanisms to prevent information misuse while simultaneously ensuring that legitimate disclosures are made in accessible formats. Improving corporate governance should therefore go hand in hand with promoting inclusive communication practices.

Overall, the study advocates a shift from viewing market inefficiency purely as a financial concern to understanding them as a multidimensional issue intersecting finance, education, accessibility, and social equity. By linking empirical evidence

from financial markets to the lived realities of individuals with disabilities, the research highlights the importance of designing systems that enable equal participation. Ensuring financial information is not only available but also accessible and understandable is essential for building inclusive markets that serve all segments of society.

Conclusion

This study provides considerable evidence that the Indian equity market does not fully conform to semi-strong form efficiency in the context of rights issue announcements. The presence of positive abnormal returns both before and after corporate announcement periods indicates that information is either unevenly disseminated or it is not instantaneously absorbed by all market participants.

Beyond demonstrating market inefficiency, the findings highlight critical concerns regarding equity and accessibility in financial information systems. The existence of pre-announcement abnormal returns suggests that certain groups may have privileged access to information, while the persistence of post-announcement returns indicates that not all participants are equally equipped to interpret and respond to publicly available data. These patterns may disproportionately affect individuals with disabilities, who often encounter additional barriers in accessing, processing, and applying financial information.

The study underscores the need for a more inclusive approach to financial communication and participation. Policymakers and regulatory bodies must prioritise the accessibility of corporate disclosures by promoting formats that are compatible with assistive technologies and by simplifying complex financial information. Educational institutions and service providers in the field of special education can play a crucial role by incorporating financial literacy programmes tailored to the needs of individuals with diverse abilities.

By bridging insights from financial economics and inclusive education, this research highlights the importance of designing financial systems

that are not only efficient but also equitable. Ensuring that all individuals, regardless of ability, can access and utilise financial information is essential for fostering inclusive economic participation and reducing systemic disparities.

Limitations

Despite the significant findings, certain limitations of this study warrant attention, as they may influence the scope and future research. First, shorter windows closer to the event window are only tested in the study. Actions orchestrated over a longer period in illiquid stocks might have been misused in the study. If the manipulative scheme is executed over a longer term, it could affect the longer-term stability of beta, which is used to forecast the expected return and thus shows no signs of abnormality even when there is. Therefore, further studies may consider longer windows for clarity. Also, a comparative analysis between India and other emerging Asian markets could offer valuable insights into regional trends in market efficiency.

While event study provides valuable insights into market behaviour, it has certain limitations in the

context of accessibility research. The methodology does not incorporate primary data on individuals with disabilities, such as user experiences or accessibility barriers. It also does not directly capture the role of assistive technologies, financial education, or cognitive accessibility factors. Future research may address these limitations by adopting mixed-method approaches, combining quantitative market analysis with qualitative or survey-based studies involving individuals with disabilities. Such approaches would allow for a more direct assessment of how accessibility influences financial decision-making.

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