State Bank of India Vs. Unit Trust of Indian: A Comparison of Performance of Mutual Fund Schemes

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INTRODUCTION

The changing financial services scenario emerging by virtue of liberalization in the last one decade has introduced a vast variety of concepts. Mutual fund is one of these. Mutual funds in Indian context are a recent phenomenon. In a short span of less than one decade, it has changed the investment pattern of medium and small investors in India. The origin of the Indian mutual fund industry can be traced back to 1964 when the Indian government, with a view to augment small savings within the country and to channelise these savings to the capital markets, set up the Unit Trust of India ("**UTI**"). The UTI was setup under a specific statute, the Unit Trust of India Act, 1963. The Unit Trust of India launched its first open-ended equity scheme called US 64 in the year 1964, which turned out to be one of the most popular mutual fund schemes in the country. In 1987, the government permitted other public sector banks and insurance companies to promote mutual fund schemes. Pursuant to this relaxation, six public sector banks and two insurance companies *viz.* Life Insurance Corporation of India and General Insurance Corporation of India launched mutual fund schemes in the country. Subsequently, in 1993, the Securities and Exchange Board of India ("**SEBI**") introduced The Securities and Exchange Board of India (Mutual Funds) Regulations, 1993, which paved way for the entry of private sector players in the mutual fund industry.

Elsewhere in the world, mutual funds have proved to be a safe intermediary in capital and money market. Safety of funds, disposal of risks and a satisfactory yield are the hallmarks of mutual funds but mutual funds took for granted their investors in India, thus many ill- practices emerged. Many of the investors burnt their fingers by investing in mutual funds.

The present study has been undertaken to evaluate and compare the performance of selected Mutual Fund schemes of Unit Trust of India (UTI) vis-à-vis selected Mutual Fund schemes of State Bank of India (SBI). Accordingly, the study tries to accomplish the following objectives:

1) To evaluate and compare the performance of Mutual Fund Schemes of UTI and SBI using risk adjusted measures of Sharpe, Treynor, Jensen and Fama.
2) To compare the performance of Mutual Fund Schemes of UTI and SBI vis-à-vis the market.

REVIEW OF LITERATURE

Various studies have been carried out in India and abroad to evaluate the performance of Mutual Fund schemes from time to time. But as there is a vast universe of companies in the area of mutual funds and an unlimited number of mutual fund schemes, it becomes difficult for evaluating the performance of all the companies in a single study. Moreover, as the performance of Mutual fund schemes keep on changing from time to time, any study carried out to evaluate the performance of the schemes becomes relevant for the investors. Few of the studies carried out by various researchers are as follows:

Jayadev, M. (1996) attempted to evaluate the performance of two growth oriented mutual funds (Mastergain and Magnum Express) on the basis of monthly returns compared to benchmark returns. It was found that Mastergain performed better according to Jensen and Treynor measures and on the basis of Sharpe ratio, its performance was not upto the benchmark. The performance of Magnum Express was poor on the basis of all these three measures. However, Magnum Express, being well diversified, had reduced its unique risk whereas Mastergain did not. These two funds were found to be poor in earning better returns than the market. It was concluded that the two growth oriented funds did not perform better in terms of total risk and the funds were not offering advantages of diversification and professionalism to the investors.

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Turan,M.S.; Bodla,B.S. and Mehta, Sushil Kumar (2001) evaluated the performance of 54 listed schemes of mutual funds belonging to UTI, private and public sectors using risk adjusted return measures of Sharpe, Treynor and Jensen. The study concluded that fund managers adopt defensive strategy for portfolio management and the mutual fund industry had failed miserably.

Wermers, Russ (2002) found that funds hold stocks that outperform the market by 1.3 percent per year, but their net returns underperform by one percent. Of the 2.3 percent difference between these results, 0.7 percent is due to the underperformance of nonstock holdings, whereas 1.6 percent is due to expenses and transactions costs.

Mehta, Sheetal (2003) observed that monthly Income Plan (MIP) aims to providc reasonable returns on a monthly basis. While income funds have returned around 6-7 per cent in the past six months, MIPs have delivered 7-20 per cent. Most MIPs in the market allocate upto 20% of their portfolio for investment in equity; the balance is invested in debt. This means MIPs were automatically more risky than pure debt funds but less so than balanced funds.

Chen, Joseph; Hong, Harrison; Huang, Ming and Kubik, Jeffrey D. (2004) investigated the effect of scale on performance of Mutual fund and found that fund size erodes the performance. This association was most pronounced among funds that had to invest in small and illiquid stocks, suggesting that these adverse scale effects are related to liquidity. Controlling for its size, a fund's return does not deteriorate with the size of the family that it belongs to, indicating that the scale need not be bad for performance depending on how the fund is organized.

Cuthbertson, Nitzsche and Sullivan (2005) used a bootstrap methodology to distinguish between 'skill' and 'luck' when it comes to performance evaluation of Mutual funds. The study pointed to the existence of genuine stock picking ability among a *small number* of top performing UK equity mutual funds. It was found that some of the top ranked equity income funds and equity growth funds showed genuine stock picking skills, whereas such ability was not found among small stock funds and general equity funds. It was also found that positive performance amongst onshore funds was due to genuine skill, whereas for offshore funds, positive performance was attributable to luck.

RESEARCH METHODOLOGY

Secondary data has been used to accomplish all the objectives. Ten mutual fund schemes each from SBI and UTI have been selected randomly. Monthly data about the closing Net Asset Value of the selected schemes has been collected from the websites www.amfiindia.com and www.mutualfundsindia.com. The most popular and widely tracked BSE SENSEX has been used as a proxy for the market. The monthly closing value of BSE SENSEX has been collected from the website www.bseindia.com. The reference period for the data has been March, 2006 to March, 2008. The yield to maturity of 364 days Treasury bills has been taken as risk free rate of return. The data for that has been collected from the official website of Reserve Bank of India. Microsoft Excel has been used for all the calculations.

The various tools used in analysis are as follows:

Monthly Return on schemes, $$r_s = \frac{NAV_t - NAV_{t-1}}{NAV_{t-1}} * 100$$

Where NAV_t is the NAV of t month and NAV_{t-1} is the NAV of t-1 month.

Monthly Return on Market, $$r_m = \frac{BSE_t - BSE_{t-1}}{BSE_{t-1}} * 100$$

Where BSE_t is the closing SENSEX value of t month and BSE_{t-1} is the closing SENSEX value of t-1 month.

Arithmetic mean has been considered for average value of both the returns.

Beta value of the schemes has been calculated by running a regression between monthly scheme returns and monthly market returns.

The Sharpe's index for the scheme is calculated as follows-

$$\mathbf{SI = (R_s - R_f)/\sigma_s}$$

Where R_s is the average return on the scheme and R_f is the risk free rate of return. σ_s is the standard deviation of the monthly returns on the scheme.

Benchmark for Sharpe's index is calculated as follows-

$$\mathbf{BMS = (R_m - R_f)/\sigma_m}$$

Where R_m is the average return on market and σ_m is the standard deviation of the monthly returns on the market. The Treynor's index for the scheme is calculated as follows-

$$\mathbf{TI = (R_s - R_f)/\beta_s}$$

Where β_s is the beta value of the scheme.

The benchmark for treynor's index is calculated as follows-

$$\mathbf{BMT = (R_m - R_f)}$$

The Jensen's alpha value is calculated as follows-

$$\boldsymbol{\alpha_s = R_s - \{ R_f + (R_m - R_f)\, \beta_s\}}$$

A positive value of Alpha indicates superior performance of the Mutual fund scheme.

According to Eugene Fama, after deducting the risk free return, risk premium and additional return for inadequate diversification, the remaining return is the net superior return due to selectivity and is given by

Net portfolio return due to selectivity $\mathbf{= (R_s - R_f) - (s_p / s_m)\,(R_m - R_f)}$

LIMITATIONS

One of the limitations of the present study is that only NAV values have been considered in return calculations.

ANALYSIS AND FINDINGS

It can be observed from Table 1 that returns are better in 2007-08 as compared to that in 2006-07 except in case of three UTI schemes viz. UTI Children Career Balanced Fund, UTI Variable Investment Scheme-Growth Option & UTI Equity Tax Saving Plan-Growth Option and one SBI scheme viz. SBI Magnum Income Plus Fund-Saving Plan-Growth. Only one scheme of UTI has posted a negative return in 2007-08 and none of the selected schemes of SBI posted a negative return in the year. On an average, SBI schemes have given better returns as compared to UTI schemes in both the years. Equity Tax Saving Plan-Growth Option scheme of UTI has posted negative returns in both the years.

Table 1: Returns On Selected Schemes of UTI and SBI

Return on selected schemes	**Average Monthly Return**	
UTI	**2006-07**	**2007-08**
UTI - Unit Linked Insurance Plan	0.2011	0.5489
UTI - MIS-advantage-monthly dividend	-0.1535	0.4846
UTI - Retirement Benefit Pension Fund	-0.1323	0.2484
UTI children career balanced fund	0.4947	0.1386
UTI - Master Value Fund-Growth Option	-0.5139	2.3036
UTI Masterplus Unit Scheme 91 - Growth	0.9830	1.6593
UTI - Variable Investment Scheme-Growth Option	0.3610	0.3169
UTI – Balanced Fund-Growth	0.4052	1.4003
UTI MMF-Daily Dividend	0.0741	0.2031
UTI Equity Tax Saving Plan -Growth Option	-0.2725	-4.1727
Average Return	0.1447	0.3131
State Bank of India		
SBI Magnum Equity Fund- Growth	-0.1413	2.2527
SBI Magnum Equity Fund- Dividend	-0.1570	1.2278
SBI Magnum Comma Fund – Dividend	-0.3041	3.7334
SBI Magnum Midcap Fund – Dividend	-0.2106	0.8915
SBI Magnum Index Fund-Dividend	1.2409	1.8647
SBI Magnum Children Benefit Plan	0.4371	0.6619
SBI Magnum Gilt LTP- Growth	0.4262	0.4811
SBI Magnum Income Plus Fund - Savings Plan – Growth	0.2145	0.0474
SBI Magnum Balanced Fund – Growth	0.7487	1.8145
SBI Magnum Balanced Fund – Dividend	0.7480	0.7561
Average Return	**0.3002**	**1.3731**
Market Return	**1.4344**	**2.0031**

In 2006-07, the highest return in case of UTI schemes is observed in case of Masterplus Unit Scheme 91- Growth (0.9830%) and in case of SBI, it is SBI Magnum Index Fund-Dividend (1.2409%). But it is noteworthy that even these top return posting schemes could not outperform the Market (1.4344%) in terms of return. In 2007-08, UTI's Master Value Fund- Growth option (2.3036%) and SBI's Magnum Comma Fund- Dividend (3.7334%) & Magnum Equity Fund – Growth (2.2527%) outperformed the Market (2.0031%) in terms of return. However, consistency seems to be missing in any of the UTI or SBI scheme as the highest return posting scheme in 2006-07 doesn't happen to be the highest return posting scheme in 2007-08.

Table 2 depicts the risk in terms of Standard Deviation of Returns, of selected schemes of UTI and SBI. On an average, SBI schemes are riskier than the UTI schemes in both the years. The variation in returns is observed to be higher during 2007-08 as compared to 2006-07 in case of both SBI and UTI schemes. Consistency can be observed in terms of risk in case of UTI as the same three schemes viz. Master Value Fund-Growth Option, Master plus Unit Scheme 91 – Growth and Equity Tax Saving Plan Growth Option had more variation in returns as compared to Market in both the years. However, in case of SBI, four schemes viz. Magnum Equity Fund-Growth, Magnum Equity Fund- Dividend, Magnum Comma Fund- Dividend and Magnum Midcap Fund-Dividend were riskier than the market in both the years and Magnum Index Fund- Dividend had more variation in returns than the market only during 2007-08. UTI's Money Market Fund-Daily Dividend and SBI's Magnum Income Plus Fund - Savings Plan – Growth are observed to be the least risky among the selected schemes of UTI and SBI respectively during both the years.

Table 2: Risk of Selected Schemes of UTI and SBI

Schemes	**2006-07**	**2007-08**
Unit Trust of India	σ	σ
UTI - Unit Linked Insurance Plan	2.5579	4.2191
UTI -MIS-Advantage-Monthly Dividend	1.7726	2.2044
UTI - Retirement Benefit Pension Fund	2.4208	3.8325
UTI Children Career Balanced Fund	2.8452	3.9467
UTI - Master Value Fund-Growth Option	6.8347	10.8732
UTI Master plus Unit Scheme 91 - Growth	6.9205	8.7569
UTI - Variable Investment Scheme-Growth Option	2.0492	4.3255
UTI – Balanced Fund-Growth	4.7220	6.6337
UTI MMF-Daily Dividend	0.0685	0.1621
Equity Tax Saving Plan Growth Option	6.4899	8.8715
Average Risk	3.6681	5.3826
State Bank of India		
SBI Magnum Equity Fund- Growth	7.0407	9.5844
SBI Magnum Equity Fund- Dividend	7.0410	10.1092
SBI Magnum Comma Fund – Dividend	8.9615	11.8616
SBI Magnum Midcap Fund – Dividend	7.2934	10.9179
SBI Magnum Index Fund-Dividend	5.4009	8.9222
SBI Magnum Children Benefit Plan	1.0314	1.5919
SBI Magnum Gilt LTP- Growth	0.4973	0.9671
SBI Magnum Income Plus Fund - Savings Plan – Growth	0.1793	0.1902
SBI Magnum Balanced Fund – Growth	5.3645	7.5842
SBI Magnum Balanced Fund – Dividend	5.3650	6.6894
Average Risk	4.8175	6.8418
Average Market Risk	6.4373	8.0507

Table 3 clearly shows that on an average, both SBI as well as UTI schemes had been defensive as the average beta value is less than one. However, the selected UTI schemes had been more defensive than the SBI schemes. Whereas during 2006-07, only one scheme viz. SBI Magnum Comma Fund – Dividend had beta value more than one, 2007-08 witnessed one UTI scheme viz. Master Value Fund-Growth Option and five SBI schemes viz.

Magnum Equity Fund- Growth, Magnum Equity Fund- Dividend, Magnum Comma Fund – Dividend, Magnum Midcap Fund – Dividend and Magnum Index Fund-Dividend having beta value more than one. Since market return was quite high during 2007-08, getting more aggressive was the right strategy. SBI Magnum Comma Fund – Dividend had been the most aggressive scheme and UTI MMF-Daily Dividend had been the most defensive scheme in both the years.

Table 3: Beta Values of Selected Schemes of UTI and SBI

Schemes	2006-07	2007-08
Unit Trust of India	β	β
UTI - Unit Linked Insurance Plan	0.29	0.31
UTI - MIS-Advantage-Monthly Dividend	0.23	0.23
UTI - Retirement Benefit Pension Fund	0.30	0.29
UTI Children Career Balanced Fund	0.34	0.33
UTI - Master Value Fund-Growth Option	0.79	1.10
UTI Master plus Unit Scheme 91 - Growth	0.95	0.98
UTI - Variable Investment Scheme-Growth Option	0.27	0.46
UTI – Balanced Fund-Growth	0.64	0.74
UTI MMF-Daily Dividend	0.00	-0.01
UTI- Equity Tax Saving Plan Growth Option	0.86	0.99
Average Value	0.47	0.54
State Bank of India		
SBI Magnum Equity Fund- Growth	0.73	1.04
SBI Magnum Equity Fund- Dividend	0.73	1.11
SBI Magnum Comma Fund – Dividend	1.04	1.32
SBI Magnum Midcap Fund – Dividend	0.67	1.15
SBI Magnum Index Fund-Dividend	0.75	1.01
SBI Magnum Children Benefit Plan	0.14	0.17
SBI Magnum Gilt LTP- Growth	0.04	0.00
SBI Magnum Income Plus Fund - Savings Plan – Growth	0.00	0.01
SBI Magnum Balanced Fund – Growth	0.71	0.83
SBI Magnum Balanced Fund – Dividend	0.71	0.66
Average Value	**0.55**	**0.73**

Table 4 reveals the risk adjusted measure of Treynor and its benchmark value for market during both the years. It can be seen clearly that whereas only one SBI scheme viz. Magnum Index Fund-Dividend performed almost on par with the market during 2006-07, two UTI schemes viz. Master Value Fund-Growth Option & MMF-Daily Dividend and three SBI schemes viz. Magnum Equity Fund- Growth, Magnum Comma Fund – Dividend & Magnum Balanced Fund – Growth outperformed the market on systematic risk adjusted return basis during 2007-08. It may be noted here that though UTI MMF-Daily Dividend could not give a return equal to risk free return, its Treynor Index is more than benchmark as its beta value is negative. 2006-07 was really a bad year as 80% of selected UTI schemes and 70% of selected SBI schemes could not give even a return equal to risk free return. During 2007-08, the situation improved in case of SBI where only 20% of the selected schemes gave less than risk free return, whereas in case of UTI, 70% of the selected schemes posted less than risk free return.

Table 4: Treynor Index And Its Benchmark Values For Selected Schemes of UTI and SBI

Schemes	2006-07		2007-08	
Unit Trust of India	**TI**	**BMT**	**TI**	**BMT**
UTI - Unit Linked Insurance Plan	-1.48	0.80	-0.27	1.38
UTI - MIS-Advantage-Monthly Dividend	-3.38	0.80	-0.64	1.38
UTI - Retirement Benefit Pension Fund	-2.54	0.80	-1.32	1.38
UTI Children Career Balanced Fund	-0.40	0.80	-1.49	1.38
UTI - Master Value Fund-Growth Option	-1.46	0.80	1.52	1.38
UTI Master plus Unit Scheme 91 - Growth	0.37	0.80	1.05	1.38

UTI - Variable Investment Scheme-Growth Option	0.05	0.80	-0.68	1.38
UTI – Balanced Fund-Growth	-0.36	0.80	1.04	1.38
UTI MMF-Daily Dividend	-606.65	0.80	45.01	1.38
UTI-Equity Tax Saving Plan Growth Option	-1.06	0.80	-4.88	1.38
State Bank of India				
SBI Magnum Equity Fund- Growth	-1.07	0.80	1.57	1.38
SBI Magnum Equity Fund- Dividend	-1.09	0.80	0.54	1.38
SBI Magnum Comma Fund – Dividend	-0.90	0.80	2.36	1.38
SBI Magnum Midcap Fund – Dividend	-1.27	0.80	0.23	1.38
SBI Magnum Index Fund-Dividend	0.81	0.80	1.23	1.38
SBI Magnum Children Benefit Plan	-1.40	0.80	0.21	1.38
SBI Magnum Gilt LTP- Growth	-4.75	0.80	-59.33	1.38
SBI Magnum Income Plus Fund - Savings Plan – Growth	-538.86	0.80	-60.85	1.38
SBI Magnum Balanced Fund – Growth	0.16	0.80	1.43	1.38
SBI Magnum Balanced Fund – Dividend	0.16	0.80	0.20	1.38

Table 5: Sharpe's Index And Its Benchmark Values For Selected Schemes of UTI and SBI

Schemes	2006-07		2007-08	
Unit Trust of India	**SI**	**BMS**	**SI**	**BMS**
UTI - Unit Linked Insurance Plan	-0.17	0.12	-0.02	0.17
UTI - MIS-Advantage-Monthly Dividend	-0.44	0.12	-0.07	0.17
UTI - Retirement Benefit Pension Fund	-0.32	0.12	-0.10	0.17
UTI Children Career Balanced Fund	-0.05	0.12	-0.13	0.17
UTI - Master Value Fund-Growth Option	-0.17	0.12	0.15	0.17
UTI Master plus Unit Scheme 91 - Growth	-0.13	0.12	0.12	0.17
UTI - Variable Investment Scheme-Growth Option	-1.01	0.12	-0.07	0.17
UTI – Balanced Fund-Growth	-0.05	0.12	0.12	0.17
UTI MMF-Daily Dividend	-8.17	0.12	-2.65	0.17
UTI-Equity Tax Saving Plan Growth Option	-0.14	0.12	-0.54	0.17
State Bank of India				
SBI Magnum Equity Fund- Growth	-0.11	0.12	0.17	0.17
SBI Magnum Equity Fund- Dividend	-0.11	0.12	0.06	0.17
SBI Magnum Comma Fund – Dividend	-0.10	0.12	0.31	0.17
SBI Magnum Midcap Fund – Dividend	-0.12	0.12	0.02	0.17
SBI Magnum Index Fund-Dividend	0.11	0.12	0.14	0.17
SBI Magnum Children Benefit Plan	-0.19	0.12	0.02	0.17
SBI Magnum Gilt LTP- Growth	-0.42	0.12	-0.15	0.17
SBI Magnum Income Plus Fund - Savings Plan – Growth	-2.34	0.12	-3.04	0.17
SBI Magnum Balanced Fund – Growth	0.02	0.12	0.16	0.17
SBI Magnum Balanced Fund – Dividend	0.02	0.12	0.02	0.17

Table 5 reflects Sharpe's index values for the selected schemes of UTI and SBI and their benchmark values. During 2006-07, none of the schemes could outperform the market on the basis of Sharpe's index. Only SBI Magnum Index Fund-Dividend can be said to have performed almost on par with the market. None of the UTI schemes could outperform the market even during 2007-08. Almost on par performance can be seen in case of UTI - Master Value Fund-Growth Option during 2007-08. In case of SBI, Magnum Comma Fund – Dividend has outperformed the market during 2007-08, Magnum Equity Fund- Growth has given exact on par performance and Magnum Balanced Fund – Growth has given almost on par performance as compared to the market.

Table 6: Jensen's Alpha For Selected Schemes of UTI and SBI.

Schemes	Jenson's Alpha	
Unit Trust of India	**2006-07**	**2007-08**
UTI - Unit Linked Insurance Plan	-0.67	-0.51

UTI - MIS-Advantage-Monthly Dividend	-0.97	-0.47
UTI - Retirement Benefit Pension Fund	-1.01	-0.79
UTI Children Career Balanced Fund	-0.41	-0.95
UTI - Master Value Fund-Growth Option	-1.78	0.16
UTI Master plus Unit Scheme 91 - Growth	-0.41	-0.32
UTI - Variable Investment Scheme-Growth Option	-0.49	-0.95
UTI – Balanced Fund-Growth	-0.74	-0.24
UTI MMF-Daily Dividend	-0.56	-0.42
Equity tax saving plan growth option	-1.59	-6.16
State Bank of India		
SBI Magnum Equity Fund- Growth	-1.36	0.20
SBI Magnum Equity Fund- Dividend	-1.37	-0.93
SBI Magnum Comma Fund - Dividend	-1.77	1.29
SBI Magnum Midcap Fund - Dividend	-1.38	-1.32
SBI Magnum Index Fund-Dividend	0.00	-0.15
SBI Magnum Children Benefit Plan	-0.31	-0.20
SBI Magnum Gilt LTP- Growth	-0.24	-0.15
SBI Magnum Income Plus Fund - Savings Plan – Growth	-0.42	-0.59
SBI Magnum Balanced Fund - Growth	-0.45	0.04
SBI Magnum Balanced Fund - Dividend	-0.45	-0.77

Table 6 presents values of Jensen's absolute measure i.e. Alpha for selected schemes of UTI and SBI. During 2006-07, all the selected schemes gave dismal performance except SBI Magnum Index Fund-Dividend, where Alpha value is found to be zero, which gave the same performance as that of market. During 2007-08, only one of the selected UTI schemes viz. Master Value Fund-Growth Option performed better than the market. In case of SBI, three of the selected schemes viz. Magnum Comma Fund – Dividend, followed by Magnum Equity Fund-Growth and Magnum Balanced Fund – Growth have performed better than the market.

Table 7: Fama's Net Portfolio Return Due To Selectivity For Selected Schemes of UTI and SBI.

Schemes	**Net Portfolio Return due to Selectivity**	
Unit Trust of India	**2006-07**	**2007-08**
UTI - Unit Linked Insurance Plan	-0.75	-0.80
UTI - MIS-Advantage-Monthly Dividend	-1.01	-0.52
UTI - Retirement Benefit Pension Fund	-1.07	-1.04
UTI Children Career Balanced Fund	-0.49	-1.17
UTI - Master Value Fund-Growth Option	-2.00	-0.18
UTI Master plus Unit Scheme 91 - Growth	-0.51	-0.46
UTI - Variable Investment Scheme-Growth Option	-0.53	-1.05
UTI – Balanced Fund-Growth	-0.82	-0.36
UTI MMF-Daily Dividend	-0.57	-0.46
Equity tax saving plan growth option	-1.71	-6.32
State Bank of India		
SBI Magnum Equity Fund- Growth	-1.65	-0.01
SBI Magnum Equity Fund- Dividend	-1.67	-1.13
SBI Magnum Comma Fund - Dividend	-2.05	1.08
SBI Magnum Midcap Fund - Dividend	-1.75	-1.60
SBI Magnum Index Fund-Dividend	-0.06	-0.29
SBI Magnum Children Benefit Plan	-0.32	-0.24
SBI Magnum Gilt LTP- Growth	-0.27	-0.15
SBI Magnum Income Plus Fund - Savings Plan – Growth	-0.44	-0.61
SBI Magnum Balanced Fund - Growth	-0.55	-0.11
SBI Magnum Balanced Fund - Dividend	-0.55	-1.01

Fama's measure, whose positive value indicates superior stock selection skills of the managers, is presented in table 7 for selected UTI and SBI schemes. During 2006-07, managers of none of the schemes portrayed superior stock selection skills. During 2007-08 too only one scheme of SBI i.e. Magnum Comma Fund – Dividend had positive value of Fama's measure meaning thereby that portfolio managers of the scheme have really done superior stock selection.

CONCLUSION

It can be concluded from the foregoing discussion that performance of UTI and SBI mutual fund schemes has been better in 2007-08 as compared to 2006-07. SBI mutual fund schemes have performed better than the UTI schemes in both the years of the study. None of the SBI or UTI mutual fund schemes have been consistently the top performers in terms of return in both the years of the study. However, consistency can be observed in terms of risk as UTI's Money Market Fund-Daily Dividend and SBI's Magnum Income Plus Fund - Savings Plan – Growth are found to be least risky among the selected schemes of UTI and SBI respectively during both the years. On an average, both SBI as well as UTI schemes had been defensive. However, the selected UTI schemes had been more defensive than the SBI schemes. SBI Magnum Comma Fund – Dividend had been the most aggressive scheme and UTI MMF-Daily Dividend had been the most defensive scheme in both the years. Since market return was quite high during both the years, getting more aggressive was the right strategy. So, SBI's Magnum Comma Fund – Dividend has performed very well during both the years. During 2006-07, all the selected schemes gave dismal performance except SBI Magnum Index Fund-Dividend, which gave almost the same performance as that of market based on the risk adjusted return measures of Sharpe, Treynor and Jensen. During 2007-08, only one of the selected UTI schemes viz. Master Value Fund-Growth Option performed better than the market. Whereas in case of SBI, three of the selected schemes viz. Magnum Comma Fund – Dividend, followed by Magnum Equity Fund- Growth and Magnum Balanced Fund – Growth have performed better than the market. So far as superior stock selection skills of the portfolio manager are concerned, none of the managers of the selected UTI and SBI schemes showed the skills during 2006-07. It was only in 2007-08 that the managers of SBI's Magnum Comma Fund – Dividend scheme exhibited some superior stock selection skills.

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