

CHAPTER IV

**PERFORMANCE ANALYSIS OF
SBI AND CANBANK MUTUAL
FUND**

This chapter analyses the performance of mutual fund in respect of SBI Mutual Fund and CanBank Mutual Fund with reference to its size, growth and efficiency and performance evaluation through risk return analysis.

4.1 INCOME AND EXPENSE PATTERN ANALYSIS OF SBI AND CANBANK MUTUAL FUNDS

4.1.1 Source-wise Income Statement of SBI Mutual Fund

The source -wise income of SBI mutual fund for the period 1991-2001 is exhibited in table 4.1. It can be observed from the table that dividend received has been recorded on an average 9.76 per cent over a period of 10 years considered to be reasonably low. Dividend earned by SBI Mutual Fund signifies that mutual fund has retained shares for a long period. The interest earned has been accounted 34.39 per cent which is considered good. Interest received by mutual fund indicates that if large amounts are been invested in fixed interest bearing securities then it gives an assured income as well as security. Profit on sale/redemption of investment registered at 45.95 per cent is considered to be excellent. Profit on sale of investment signifies revenue earned through sale of securities in capital market. Income from profit on inter-scheme was chronic to 6.03 per cent which is relatively low. Other income was evidenced 3.79 per cent which is considered low. Earning from other income includes commercial paper, Govt. securities etc. Overall it can be seen that profit on sale or redemption and interest are the major source of income in SBI mutual fund.

4.1.2 Expense Pattern of SBI Mutual Fund

The expense pattern of SBI mutual fund for the period from 1991 to 2001 is disclosed in table 4.2. It can be witnessed in the table that expense pattern constituted management fees, trusteeship fees, administrative expenses, registration fees and audit fees were grouped as administrative expenses and it has

been recorded at 27.62 per cent which is considered little high. The losses on sale of securities and loss on inter-scheme transfer has been registered 27.97 per cent which is considered more. Provision made on depreciation denoted 34.14 per cent which is unreasonable. Miscellaneous income including deferred revenue expenditure has been registered at 10.20 per cent which is reasonably low. Thus overall it is seen in the table that provision on depreciation in value of investment constitute major item in the expense pattern of bank sponsored mutual fund.

4.1.3 Source-wise income statement of tax planning scheme in SBI Mutual Fund

The source-wise income of tax planning is presented in table4.3. It is noted in the table that dividend received recorded an average of 26.55 percent which is considered satisfactory. Income from interest has been documented at 18.23 percent which is considered to be excellent. The profit on inter-scheme transfer has been registered 8.64 per cent which is considered reasonably low and other income has been logged 2.58 per cent which is very low . Thus overall it is observed that income from profit on sale of securities is the major source for tax planning schemes. Tax planning schemes are introduced to investors with an objective to avoid tax liability.

4.1.4 Source-wise Revenue statement of income schemes in SBI mutual fund

Source-wise revenue of income scheme has been presented in table4.4. It is discerned in the table that dividend received has been registered 4.09 per cent which is considered poor. Income from interest was noticed at 61.86 per cent which is considered excellent. This indicates that SBI Mutual Fund has earned

sizable amount through fixed bearing interest securities . Profit on sale / redemption of investment was filed at 51.89 per cent is considered better. Income from profit on inter-scheme was reported 5.21 per cent which is low and other income has been recorded at 5.14 per cent is considered low. Overall it has been observed that income from interest is the major source of income scheme in SBI Mutual Fund. Income scheme were introduced with an objective of providing assured return to investors. This indicates that investment made by income scheme is mostly in fixed interest bearing securities such as debentures and bonds.

4.1.5 Source-wise Income of Growth schemes in SBI mutual fund

Source-wise income of SBI Mutual Fund is presented in table4.5. It can be seen from the table that income from dividend was posted at 12.89 per cent which is considered adequate. Income from profit on sale/ redemption of investment has been observed as 51.89 percent which is considered outstanding . Profit on inter-scheme transfer was reported 5.21 per cent which is low and other income was registered at 5.41 per cent considered as poor. Growth schemes are basically designed with an objective to invest in risky capital or equity capital. Thus overall it was noted that income from profit on sale as major source of earning to mutual fund.

4.1.6 Source-wise Income of CanBank Mutual Fund

The table 4.6 reveals the source –wise income of CanBank Mutual Fund for the period 1991-2001.It is observed in the table that dividend earned has been recorded 8.87 per cent which is reasonably low. This indicates that either the dividend earned through companies were less than what is expected or CanBank

Mutual Fund has not retained the shares for long period. Income from interest was registered 49.22per cent which is excellent. This indicates that the CanBank Mutual Fund has invested large amount in fixed interest bearing securities. Profit on sale of investment/redemption was documented 25.81 per cent which considered adequate. This signifies that CanBank Mutual Fund has earned enough profit on selling shares in capital market . Profit on inter scheme transfer was posted 12.32 per cent which is fair return. Other income was evidenced 13.75 percent which is considered average return. Thus overall it was noted that revenue through interest is the major source of CanBank Mutual Fund.

Table 4.1

Source-wise income of SBI Mutual Fund										Rs. in Crores
	1991	1992	1994	1995	1996	1997	1998	1999	2000	2001
Dividend	3.26	8.14	28.04	29.06	36.85	32.72	26.95	15.4	8.51	4.95
	<i>4.10</i>	<i>4.98</i>	<i>6.94</i>	<i>7.42</i>	<i>15.52</i>	<i>16.41</i>	<i>25.91</i>	<i>12.70</i>	<i>1.04</i>	<i>2.64</i>
Interest	38.21	64.14	159.25	85.19	83.54	71.86	53.49	50.49	58.81	44.77
	<i>48.11</i>	<i>39.27</i>	<i>39.41</i>	<i>21.76</i>	<i>35.17</i>	<i>36.04</i>	<i>51.42</i>	<i>41.64</i>	<i>7.17</i>	<i>23.91</i>
Profit on sale/redempt.	23.75	78.56	175.78	238.35	100.42	73.08	11.82	37.06	691.14	134.83
of investment	<i>29.90</i>	<i>48.10</i>	<i>43.50</i>	<i>60.89</i>	<i>42.28</i>	<i>36.65</i>	<i>11.36</i>	<i>30.57</i>	<i>84.27</i>	72.01
Profit on inter-scheme	0.51	7.84	30.42	28.64	10.87	17.38	7.46	14.54	57.13	2.26
transfer	<i>0.64</i>	<i>4.80</i>	<i>7.53</i>	<i>7.32</i>	<i>4.58</i>	<i>8.72</i>	<i>7.17</i>	<i>11.99</i>	6.97	1.21
other income	13.69	4.64	10.59	10.21	5.83	4.34	4.3	3.75	4.52	0.43
	<i>17.24</i>	<i>2.84</i>	<i>2.62</i>	<i>2.61</i>	<i>2.45</i>	<i>2.18</i>	<i>4.13</i>	<i>3.09</i>	<i>0.55</i>	<i>0.23</i>
Total	79.42	163.32	404.08	391.45	237.51	199.38	104.02	121.24	820.11	187.24
	100	100	100	100	100	100	100	100	100	100

Figures in italic indicates percentage to total

Source:-Annual reports of SBI Mutual Fund

Table 4.2

Expense pattern of SBI Mutual Fund										Rs. in Crores
	1991	1992	1994	1995	1996	1997	1998	1999	2000	2001
Management fees	0.46	11.04	32.27	28.91	21.3	18.09	12.73	20.08	21.82	7.85
	2.61	16.41	26.79	22.87	15.86	7.33	5.35	10.11	20.85	8.02
Trusteeship fees	4.24	6.74	9.98	16.84	3.08	2.21	1.56	0.27	0.09	0.04
	24.08	10.02	8.29	13.32	2.29	0.90	0.66	0.14	0.09	0.04
custodian service	0	0.35	7.65	6.77	2.56	4.49	4.25	4.96	1.64	1.25
charges	0	0.52	6.35	5.35	1.91	1.82	1.79	2.50	1.57	1.28
Registration fees & local charges	0.22	0.32	2.75	5.46	4.04	3.95	7.75	4.2	1.24	1.2
	1.25	0.48	2.28	4.32	3.01	1.60	3.26	2.11	1.18	1.23
Publicity expenses	0.28	0.56	0.76	1.49	1.27	12.87	0.02	1.64	0.74	0.23
			0.63	1.18	0.95	5.22	0.01	0.83		
Audit fees	0.03	0.07	0.18	0.34	0.82	0.81	1.67	0.82	0.21	0.11
	0.17	0.10	0.15	0.27	0.61	0.33	0.70	0.41	0.20	0.11
Deffered revenue	3.62	7.34	9.44	10.54	10.25	9.26	19.74	16.62	3.39	1.71
expenditure	20.56	10.91	7.84	8.34	7.63	3.75	8.30	8.37	3.24	1.75
Loss on sale/redemption of investment	1.29	16.09	5.22	11.02	10.82	29.88	55.63	55.32	0	8.01
	7.33	23.91	4.33	8.72	8.06	12.11	23.39	27.85	0.00	8.18
Loss on inter-scheme transfer/sale of invt.	0.16	6.29	5.08	10.23	7.38	1.65	49.38	85.07	38.46	76.33
	0.91	9.35	4.22	8.09	5.50	0.67	20.76	42.82	36.75	77.98
other operating expenses	1.48	3.21	4.43	2.37	1.68	1.65	2.5	0.75	1.29	0.39
	8.40	4.77	3.68	1.87	1.25	0.67	1.05	0.38	1.23	0.40
Prov. For Dep.in value of investment	2.64	5.39	12.97	9.33	51.83	142.41	68.61	0	15.84	0
	14.99	8.01	10.77	7.38	38.60	57.73	28.85	0.00	15.13	0.00
Prov.for debt.considered Doubtful	2	7	20.07	20.35	13.94	19.34	13.96	6.12	4.94	0.72
	11.36	10.40	16.66	16.10	10.38	7.84	5.87	3.08	4.72	0.74
Miscellousness Expd.	1.19	2.89	9.64	2.78	5.32	0.06	0.05	2.81	15	0.05
		4.29	8.00	2.20	3.96	0.02	0.02	1.41	14.33	0.05
Total	17.61	67.29	120.44	126.43	134.29	246.67	237.85	198.66	104.66	97.89
	100	100	100	100	100	100	100	100	100	100

Figures in italic indicates percentage to total

Source:-Annual reports of SBI Mutual Fund

Table 4.3

Source-wise income according to type of schemes										Rs. in Crores
	1991	1992	1994	1995	1996	1997	1998	1999	2000	2001
Dividend	0.89	2.2	12.39	5.98	6.65	33.72	26.95	15.4	8.51	4.95
	<i>2.32</i>	<i>4.40</i>	<i>8.31</i>	<i>4.96</i>	<i>15.25</i>	<i>73.10</i>	<i>69.85</i>	<i>55.08</i>	<i>4.86</i>	<i>27.42</i>
Interest	17.17	16.52	29.93	17.36	8.19	8.51	6.69	2.63	0.5	1.03
	<i>44.83</i>	<i>33.07</i>	<i>20.07</i>	<i>14.41</i>	<i>18.78</i>	<i>18.45</i>	<i>17.34</i>	<i>9.41</i>	<i>0.29</i>	<i>5.71</i>
Profit on sale/redempt.	13.94	24.92	81.91	91.36	22.75	3.06	3.46	5.06	141.33	10.16
of investment	<i>36.40</i>	<i>49.89</i>	<i>54.92</i>	<i>75.82</i>	<i>52.17</i>	<i>6.63</i>	<i>8.97</i>	<i>18.10</i>	<i>80.70</i>	<i>56.29</i>
Profit on inter-scheme	0.45	4.05	22.75	5.05	5.69	0.49	0.89	4.67	24.67	1.89
transfer	<i>1.17</i>	<i>8.11</i>	<i>15.25</i>	<i>4.19</i>	<i>13.05</i>	<i>1.06</i>	<i>2.31</i>	<i>16.70</i>	<i>14.09</i>	<i>10.47</i>
other income	5.85	2.26	2.16	0.74	0.33	0.35	0.59	0.2	0.12	0.02
	<i>15.27</i>	<i>4.52</i>	<i>1.45</i>	<i>0.61</i>	<i>0.76</i>	<i>0.76</i>	<i>1.53</i>	<i>0.72</i>	<i>0.07</i>	<i>0.11</i>
Total	38.3	49.95	149.14	120.49	43.61	46.13	38.58	27.96	175.13	18.05
	100	100	100	100	100	100	100	100	100	100

Figures in italic indicates percentage to total
Source:-Annual reports of SBI Mutual Fund

Table 4.4

Source-wise revenue according to Income Schemes										Rs. in Crores
	1991	1992	1994	1995	1996	1997	1998	1999	2000	2001
Dividend	0.79	2.88	2.67	3.47	3.82	2.46	2.45	1.94	0.91	0.44
	<i>3.71</i>	<i>3.93</i>	<i>2.53</i>	<i>4.26</i>	<i>8.22</i>	<i>5.85</i>	<i>7.44</i>	<i>3.48</i>	<i>0.53</i>	<i>1.01</i>
Interest	13.8	36.89	59.23	33.02	33.1	29.6	22.82	39.51	56.37	40.09
	<i>64.82</i>	<i>50.33</i>	<i>56.20</i>	<i>40.55</i>	<i>71.26</i>	<i>70.44</i>	<i>69.26</i>	<i>70.96</i>	<i>33.00</i>	<i>91.84</i>
Profit on sale/redempt.	5.19	28.57	35.38	35.75	8.07	0.72	6.38	11.07	80.91	2.67
of investment	<i>24.38</i>	<i>38.98</i>	<i>33.57</i>	<i>43.90</i>	<i>17.37</i>	<i>1.71</i>	<i>19.36</i>	<i>19.88</i>	<i>47.37</i>	<i>6.12</i>
Profit on inter-scheme	0	3.74	6.3	5.23	0.78	7.7	0.03	0.66	28.56	0.37
transfer	<i>0</i>	<i>5.10</i>	<i>5.98</i>	<i>6.42</i>	<i>1.68</i>	<i>18.32</i>	<i>0.09</i>	<i>1.19</i>	<i>16.72</i>	<i>0.85</i>
other income	1.51	1.22	1.82	3.96	0.68	1.54	1.27	2.5	4.07	0.08
	<i>7.09</i>	<i>1.66</i>	<i>1.73</i>	<i>4.86</i>	<i>1.46</i>	<i>3.66</i>	<i>3.85</i>	<i>4.49</i>	<i>2.38</i>	<i>0.18</i>
Total	<i>21.29</i>	<i>73.3</i>	<i>105.4</i>	<i>81.43</i>	<i>46.45</i>	<i>42.02</i>	<i>32.95</i>	<i>55.68</i>	<i>170.82</i>	<i>43.65</i>
	100	100	100	100	100	100	100	100	100	100

Figures in italic indicates percentage to total
Source:-Annual reports of SBI Mutual Fund

Table 4.5

Source-wise income according to Growth schemes										Rs. in Crores
	1991	1992	1994	1995	1996	1997	1998	1999	2000	2001
Dividend	1.58	3.06	12.98	19.61	26.38	25.35	19.46	9.49	4.41	2.9
	<i>7.97</i>	<i>7.64</i>	<i>8.70</i>	<i>10.35</i>	<i>17.89</i>	<i>18.10</i>	<i>35.77</i>	<i>19.36</i>	<i>0.92</i>	<i>2.27</i>
Interest	7.24	10.73	70.09	34.81	42.25	33.75	23.98	8.35	1.94	3.65
	<i>36.51</i>	<i>26.78</i>	<i>47.00</i>	<i>18.37</i>	<i>28.65</i>	<i>24.10</i>	<i>44.08</i>	<i>17.03</i>	<i>0.41</i>	<i>2.86</i>
Profit on sale/redempt. of investment	4.62	25.07	58.09	111.24	69.6	69.3	1.98	20.93	468.16	120.77
	<i>23.30</i>	<i>62.57</i>	<i>38.95</i>	<i>58.69</i>	<i>47.20</i>	<i>49.49</i>	<i>3.64</i>	<i>42.69</i>	<i>97.79</i>	<i>94.61</i>
Profit on inter-scheme transfer	0.06	0.05	1.37	18.36	4.4	9.19	6.54	9.21	3.9	0
	<i>0.30</i>	<i>0.12</i>	<i>0.92</i>	<i>9.69</i>	<i>2.98</i>	<i>6.56</i>	<i>12.02</i>	<i>18.78</i>	<i>0.81</i>	<i>0.00</i>
other income	6.33	1.16	6.61	5.51	4.82	2.45	2.44	1.05	0.33	0.33
	<i>31.92</i>	<i>2.89</i>	<i>4.43</i>	<i>2.91</i>	<i>3.27</i>	<i>1.75</i>	<i>4.49</i>	<i>2.14</i>	<i>0.07</i>	<i>0.26</i>
Total	19.83	40.07	149.14	189.53	147.45	140.04	54.4	49.03	478.74	127.65
	100	100	100	100	100	100	100	100	100	100

Figures in italic indicates percentage to total

Source:-Annual reports of SBI Mutual Fund

Table 4.6

Source-wise Income of CanBank Mutual Fund

(Rs in Crores)

sources	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Dividend	1.25 <i>1.29</i>	14.28 <i>2.98</i>	22.50 <i>5.51</i>	27.71 <i>4.25</i>	45.38 <i>6.32</i>	38.48 <i>8.51</i>	36.24 <i>13.33</i>	27.74 <i>11.86</i>	19.93 <i>12.67</i>	16.57 <i>5.36</i>	4.19 <i>16.68</i>
Interest	68.38 <i>70.75</i>	267.91 <i>56.30</i>	243 <i>59.55</i>	206.54 <i>31.67</i>	151.17 <i>21.04</i>	151.04 <i>33.42</i>	126.61 <i>46.58</i>	89.92 <i>36.32</i>	114.10 <i>72.56</i>	104.90 <i>33.93</i>	7.56 <i>30.10</i>
Profit on sale	12.41 <i>12.83</i>	146.92 <i>30.87</i>	18.53 <i>4.54</i>	87.52 <i>13.42</i>	337.83 <i>47.03</i>	202.79 <i>44.87</i>	31.55 <i>11.60</i>	26.56 <i>11.35</i>	6.48 <i>1.42</i>	172.43	5.46
Profit on inter scheme	12.30 <i>12.72</i>	27.43 <i>5.76</i>	108.0 <i>20.47</i>	175.90 <i>26.98</i>	152.21 <i>21.19</i>	39.03 <i>8.63</i>	13.26 <i>4.87</i>	20.70 <i>8.85</i>	2.88 <i>1.83</i>	12.23 <i>3.95</i>	0.49 <i>1.95</i>
Other income	2.33 <i>2.41</i>	19.43 <i>4.08</i>	16.00 <i>3.92</i>	154.40 <i>23.68</i>	31.80 <i>4.43</i>	20.51 <i>4.53</i>	64.13 <i>23.59</i>	73.89 <i>31.60</i>	13.85 <i>8.80</i>	2.97 <i>0.96</i>	7.41 <i>29.51</i>
Total	96.67 <i>100</i>	475.97 <i>100</i>	408.0 <i>100</i>	652.07 <i>100</i>	718.39 <i>100</i>	451.85 <i>100</i>	271.7 <i>100</i>	233.81 <i>100</i>	157.24 <i>100</i>	309.10 <i>100</i>	25.1 <i>100</i>

Figures in italic indicate the percentage to total

Source: Annual reports of CanBank mutual fund(various issues)

Table 4.7

Expense pattern of CanBank Mutual Fund										Rs. in Crores
	91-92	92-93	93-94	94-95	95-96	96-97	97-98	98-99	99-00	00-01
Management Fees/	38.68	28.32	58.54	72.99	51.07	36.6	37.87	18.2	18.16	5.77
	<i>21.8</i>	<i>17.24</i>	<i>10.88</i>	<i>25.14</i>	<i>12.43</i>	<i>11.47</i>	<i>20.07</i>	<i>10.88</i>	<i>27.34</i>	<i>8.93</i>
Provision for Dep/	131.67	106.45	46.38	52.7	135.14	61.23	0.33	3.15	27.39	53.99
Loss in value of invt.	<i>74.21</i>	<i>64.82</i>	<i>8.62</i>	<i>18.15</i>	<i>32.9</i>	<i>19.2</i>	<i>0.17</i>	<i>1.88</i>	<i>41.25</i>	<i>83.57</i>
Provision for Doubt.	0.01	6.6	6.2	106.2	177.62	161.52	0.02	0.17	0.00	0.00
Deposits	<i>0.005</i>	<i>4.01</i>	<i>1.15</i>	<i>36.58</i>	<i>43.24</i>	<i>50.65</i>	<i>0.01</i>	<i>0.1</i>	<i>0.00</i>	<i>0.00</i>
Loss on sale/	5.1	10.73	406.1	38.02	31.06	79.07	121.14	70.89	16.62	0.94
Redemption of invt.	<i>2.87</i>	<i>6.53</i>	<i>75.49</i>	<i>13.09</i>	<i>7.56</i>	<i>24.79</i>	<i>64.2</i>	<i>42.4</i>	<i>1.45</i>	<i>0.00</i>
Other Expenses	<i>0.00</i>	11.58	9.45	17.7	14.13	15.67	16.67	74.76	3.65	3.9
	<i>0.00</i>	<i>7.05</i>	<i>1.75</i>	<i>6.09</i>	<i>3.44</i>	<i>4.91</i>	<i>14.13</i>	<i>44.72</i>	<i>5.49</i>	<i>6.03</i>
Provision for Doubt.	1.46	0.54	11.24	2.66	1.73	1.38	2.64	0.00	0.58	0.00
Debts	<i>0.82</i>	<i>0.32</i>	<i>2.08</i>	<i>0.91</i>	<i>0.42</i>	<i>0.43</i>	<i>1.39</i>	<i>0.00</i>	<i>0.87</i>	<i>0.00</i>
Total	177.42	164.22	537.91	290.27	410.75	318.87	188.67	167.17	66.4	64.6
	100	100	100	100	100	100	100	100	100	100

Figures in italic indicates percentage to total

Source:- Annual Reports of CanBank Mutual Fund

4.1.7 Expense Pattern of CanBank Mutual Fund

The expense pattern of CanBank Mutual Fund is disclosed in table 4.7 . It is viewed in the table that management and trusteeship expenses was recorded 16.61 per cent which is considered little high. Provision for depreciation in value of investment was registered 34.47 which is very high. This indicates that large amount is credited as provision against the sale of investment. The provision for doubtful debts registered 13.57 per cent which is considered adequate loss on sale of investment has been posted 23.83 per cent which is considered more. Thus it signifies that CanBank Mutual Fund has lost sizable fund in sale of investment. Other expenses was evidenced 9.36 per cent which is considered reasonably low. Provision for doubtful income was accounted 0.72 per cent which is low. Thus overall it was noted that provision made for sale of investment and loss on sale of investment are the two major component of expenses pattern in CanBank Mutual Fund.

4.2 EFFICIENCY OF MUTUAL FUND

The efficiency of SBI and CanBank Mutual funds are evaluated by using ratio analysis. Ratio analysis is an important tool of financial analysis. These ratios highlight financial position of the business. Return on investment, gross expenses to gross income and gross expenses to total assets are identified as efficiency indicators. In addition to this, fund deployment statement is also prepared to examine the investment criteria of mutual fund in SBI and CanBank.

4.2.1 Efficiency of Mutual Funds in SBI Mutual Fund

Table 4.8

Table showing Efficiency of SBI mutual fund

period	Net Income	Total Assets	Gross Expenses	ROI %	Gross Expenses to Gross Income	Gross Expenses to Total Assets
1991	61.81	642.97	17.61	9.61	22.17	2.73
1992	96.03	1514.86	67.29	6.33	41.20	4.44
1993-94	283.64	2728.59	120.44	10.39	29.80	4.44
1994-95	265.02	3000.19	126.43	8.83	32.29	4.21
1995-96	103.22	2625.71	134.29	3.93	56.54	5.11
	161.94	2102.46	93.21	7.81	36.40	4.18
1996-97	49.72	2229.86	246.67	2.22	83.22	11.06
1997-98	(133.83)	1874.75	237.85	(7.13)	288.65	12.68
1998-99	(77.42)	2036.72	198.66	(3.80)	163.85	9.75
1999-00	715.45	4011.52	104.66	17.83	12.76	2.60
2000-01	89.35	1556	97.89	5.74	52.28	6.29
	128.65	2341.77	177.14	2.97	108.15	8.47
Grand Mean	145.29	2222.11	135.17	5.39	72.27	6.32

Source:- Annual Reports of SBI Mutual fund Ltd.

Figures in italic indicate Average of Five years

Ratios are expressed in percentages

Table 4.8 Shows that the efficiency of the SBI Mutual Fund for the period 90-91 to 00-01. It has been observed that an average return on investment for the first five year i.e from 90-91 to 95-96 recorded at 7.81per cent and for the second half of the study period registered at 2.97. The overall average return on investment is 5.39 per cent considered to be a poor return. It has been noticed in the table that an increase in total assets resulted in low return on investment indicating an inefficient use of resources. Thus it signifies a poor efficiency of SBI Mutual Fund. The average total expenses to gross income for the first five years of the study period recorded at 36.4 per cent and for the second half of the study

period it is 108.15 per cent. The overall average expenses ratio was recorded at 72.27 per cent which is considered to be very high. The gross expenses to total assets for the first half of the study period was at 4.18 percent and for the second half at 8.47. The overall expenses ratio to total investment recorded at 6.32 percent. It has been observed that the expenses for the second half has increased as compared to the expenses of first half. Thus it is observed that increased in size of total assets, increased the expenses which is normal phenomena of business

Table 4.9

Table showing efficiency of Open Ended schemes of SBI Mutual fund

peroid	Net Income	Total Assets	Gross Expenses	ROI %	Gross Expenses to Gross Income	Gross Expenses to Total Assets
93-94	84.94	1030.22	23.59	8.24	21.73	2.28
94-95	96.90	1183.39	35.11	8.18	26.59	2.96
95-96	66.40	1177.56	34.56	5.63	34.23	2.93
96-97	28.52	855.10	179.02	3.33	86.25	20.93
	69.19	1061.56	68.07	6.34	42.25	7.27
97-98	(72.65)	638.64	104.96	(11.37)	324.85	16.43
98-99	(90)	705.16	112.05	(12.76)	506.32	15.89
99-00	466	1706.98	56.51	27.29	10.81	3.31
00-01	65.27	721.62	24.19	9.04	27.04	3.35
	92.15	943.10	74.42	3.05	217.25	9.74
Grand mean	80.67	1002.33	71.24	4.69	129.72	8.50

Source:-Annual Reports of SBI Mutual fund Ltd.

Table 4.9 reveals the efficiency of open ended schemes of SBI Mutual Fund. It has been observed that ROI for the period 93-94 to 96-97 i.e for the 4 years observed to be at 6.34 percent and for the second half i.e for the period 97-98 to 00-01 recorded at 3.05 percent. The overall average return on total investment has been registered at 4.69 percent considered to be a poor return. Thus it has been observed that a decrease in total assets resulted in a low return on

investment. The average expenses ratio for the period 93-94 to 96-97 was recorded at 42.20 percent and for the second half it was registered at 217.25 percent. It has been observed that the expenses ratio for the second half was very high than the expenses during the first half of the study period and overall expense ratio recorded at 129.72 percent which is considered to be very high. The average total expenses to total investment recorded at 7.27 percent and for the second half of the study period was 9.74 percent. The overall expenses to total investment registered at 8.50 percent during the study period. It has been observed that the expense ratio for the second half of the study period has increased as compared to the first half of the study period. Thus, it has been noticed that a reduction in total assets, increased the expenses which signifies efficiency of SBI Mutual Fund.

Table 4.10

Table showing efficiency of Close Ended schemes

period	Net Income	Total Assets	Gross Expenses	ROI %	Gross Expenses to Gross Income	Gross Expenses to Total Assets
90-91	61.81	669.69	17.61	9.22	22.17	2.62
91-92	96.03	1514.86	67.29	6.33	41.20	4.44
93-94	198.70	1698.37	96.85	11.69	32.76	5.70
94-95	168.12	1816.78	91.32	9.25	35.19	5.02
95-96	36.82	1448.15	99.73	2.54	73.03	6.88
	112.29	1429.57	74.56	7.80	40.87	4.93
96-97	21.20	1364.76	67.65	1.55	76.13	4.95
97-98	(61.18)	1236.11	132.89	(4.94)	185.31	10.75
98-99	12.50	1331.56	86.61	0.93	87.38	6.50
99-00	249.09	2304.54	48.51	10.80	16.30	2.10
00-01	24.08	834.38	73.50	2.88	75.37	8.80

Table 4.10 reveals the efficiency of close ended schemes of SBI Mutual Fund. It has been observed that the average return on investment for the period 90-91 to 95-96 was recorded at 7.80 percent and for the second half of the study

period i.e 97-98 to 00-01 it was 2.24 percent. The overall average return of investment was 5.02 percent. Thus, it has been observed that the return on investment reduced as investment in total assets reduced. But overall return on investment is considered to be very low. The average gross expenses ratio recorded at 40.87 percent and for the second half of the study period was 88.09 percent. The average overall expense ratio recorded at 64.08 percent and it is considered to be very high. The average gross expenses recorded at 4.93 percent and for the second half of the study period was 6.62 percent little higher than the first half of the study period. The overall expenses ratio registered as 5.57 percent considered to be reasonably good. It has been observed that a decline in total assets, reduces the total expense

4.2.2 Efficiency Of CanBank Mutual Fund

Table 4.11

Table showing Efficiency of CanBank Mutual Fund

period	Net Income (Rs)	Total Assets (Rs)	Gross Expenses (Rs)	ROI	Gross Expenses to Gross Income	Gross Expenses to Total Assets
1991-92	407.55	2709.49	66.64	15.04	14.05	2.45
1992-93	269.83	3714.54	216.49	7.26	44.51	5.82
1993-94	86.90	3872.03	521.3	2.24	85.71	13.46
1994-95	452.97	3452.69	262.22	13.11	36.66	7.59
1995-96	15.85	3002.26	433.16	0.52	96.47	14.42
	246.62	299.96	3350.20	7.63	55.48	8.74
1996-97	(228.56)	1803.74	487.55	(12.67)	188.25	27.02
1997-98	127.12	1202.7	260.06	10.56	67.16	21.62
1998-99	70.78	1178.02	150.99	6.06	68.08	12.81
1999-00	440.22	836.08	82.02	52.65	15.70	9.81
2000-01	(100.60)	372.53	145.51	(27)	324.	39.05
	61.79	225.22	1078.61	5.92	132.63	22.06
Grand Mean	145.20	262.59	2214.40	6.77	37.62	15.40

Source:- Annual Reports of CanBank Mutual funds Ltd
 Figures in italic indicate Average of Five years.
 Ratios are expressed in percentages

The efficiency of CanBank Mutual Fund is exhibited in table 4.11. The average return on investment for the period 91-92 to 95-96 was 7.63 per cent and 5.92 per cent for the period 96-97 to 00-01. Overall an average 6.17 percent has been observed which is considered to be inadequate. It has been observed that a decrease in the size of total asset ,reduces the return on investment. The gross expenses to gross income ratio for the period 91-92 to 95-96 was noticed to be 55.48 per cent and 132.63 percent for the period 96-97 to 00-01. The overall average of 94.05 percent is registered during the study period is considered to be very high. A higher expense ratio of CanBank Mutual Fund pointed out a low margin on mutual fund schemes. The average ratio of Gross Expenses to total assets posted 8.74 percent for the period 91-92 to 95-96 and 22.06 per cent for the period 96-97 to 00-01. The overall average of 15.40 percent for the period which is considered to be on the higher side. It has been noticed that a decrease in quantum of total assets ,increased the total expenses. Thus, it signifies that the expenses need to be supervised closely. Thus overall it showed that return on investment is poor and expenses are higher during the study period

Table 4.12 reveals the efficiency of open ended schemes of CanBank Mutual Fund. The average return on investment recorded 12.70 percent for the period 91-92 to 95-96 and 10.03 for the period 96-97 to 00-01. An overall average of 11.36 percent was evidenced which is considered to be satisfactory. It is viewed from the table that a decrease in total assets, has shortened the return on investment. The average gross expenses to total income accounted at 32.07 percent for the period 91-92 to 95-96 and 73.83 percent for the period 96-97 to 2000-01. An overall 52.95 percent recorded ratio indicated an upward trend in

expenses. The average gross expenses to total assets registered 5.59 percent for the year 91-92 and 11.28 percent for the year. Overall 8.43 percent was considered to be low. It is observed in the table that a decrease in total assets ,augmented the gross expenses which signifies the poor efficiency of CanBank Mutual Fund.

The efficiency of close ended schemes of CanBank Mutual Fund is exhibited in table4.13. It is noticed in the table that an average return on investment for the period 91-92 to 95-96 registered 3.06 percent and 4.55 percent for the year 95-96 to 2000-01.It is noticed that a reduction in the size of total assets, weakened the return on investment. The total expenses to total income ratio posted 69.07 per cent for the period 91-92 to 95-96 and 282.14 percent for the year 96-97 to 00-01. Overall it shows 175.60 percent which is considered to be extremely high. The gross expenses to total investible fund testified at 11.68 percent for the year 91-92 to 95-96 and 38.87 percent for the year 96-97 to 00-01. Overall it posted at 25.27 percent which is rather high. It is noticed in the table that a decrease in total assets, shortened the in gross expenses.

Table 4.12**Table showing efficiency of open ended schemes of CanBank Mutual Fund**

period	Net Income	Total Assets	Gross Expenses	ROI	Gross Expenses to Gross Income	Gross Expenses to Total Assets
1991-92	177.25	1256.42	41.69	14.10	19.04	3.31
1992-93	187.42	1742.6	108.61	10.75	36.68	6.23
1993-94	231.28	1828.62	64.60	12.64	21.83	3.53
1994-95	317.27	1582.95	94.46	20.04	22.94	5.96
1995-96	89.59	1500.39	133.87	5.97	59.90	8.92
				12.70	32.07	5.59
1996-97	53.86	1408.81	136.46	3.82	71.70	9.68
1997-98	46.93	810.41	138.68	5.79	74.71	17.11
1998-99	53.64	756.68	47.87	7.08	47.15	5.90
1999-00	250.78	601.56	21.25	41.68	7.18	3.53
2000-01	(22.20)	270.55	54.65	(8.20)	168.41	20.19
	76.60	79.78	769.6	10.03	73.83	11.28
Grand Mean	138.58	84.21	1175.89	11.36	52.95	8.43

Source:- Annual Reports of CanBank Mutual funds Ltd

Figures in italic indicate Average of Five years.

Ratios are expressed in percentages

Table 4.13**Table showing efficiency of close ended schemes of CanBank mutual fund**

period	Net Income	Total Assets	Gross Expenses	ROI	Gross Expenses to Gross Income	Gross Expenses to Total Assets
1991-92	230.30	1123.35	24.95	15.84	9.77	24.95
1992-93	82.37	1790.74	107.88	4.17	56.70	107.88
1993-94	(144.38)	1914.51	456.7	(7.06)	146.22	456.7
1994-95	135.70	1756.04	167.76	7.25	55.28	167.76
1995-96	(73.74)	1427.15	299.29	(4.90)	132.69	299.29
	46.09	1602.35	211.31	3.06	69.07	211.31
1996-97	(282.42)	1039.66	351.09	(25.97)	511.27	351.09
1997-98	80.19	347.36	121.38	20.25	60.21	121.38
1998-99	17.14	343.66	103.12	4.06	85.74	103.12
1999-00	189.44	288.88	60.77	55.76	24.48	60.77
2000-01	(78.40)	77.84	90.86	(76.87)	729.21	90.86
	66.08	419.48	145.44	(4.55)	282.14	145.44
Grand Mean	56.08	1010.91	178.37	0.74	175.60	25.27

Source:- Annual Reports of CanBank Mutual funds Ltd

Figures in italic indicate Average of Five years.

Ratios are expressed in percentages

4.3.1 FUND DEPLOYMENT OF SBI MUTUAL FUND

Table 4.14

Table showing pattern of fund deployment of SBI mutual fund.

(Rs in crs)

period	Inves table fund	Fund in corporate sector					Percentage of fund in corporate sector				
		Equity shares	Pref. shares	Private placement Of debentures	Debentures & bonds	others	Equity shares	Pref. shares	Private placement Of debentures	Debentures & bonds	others
1991	546.84	233.27	-	87.64	101.44	124.49	42.65	-	16.02	18.55	22.76
1992	1372.97	845.64	1.33	205.07	134.23	186.7	61.59	0.09	14.93	9.77	22.07
93-94	2314.79	1703.02	1.33	105.55	309.32	195.57	73.57	0.05	4.55	13.36	8.44
94-95	2350.79	1898.11	-	144.64	301.29	6.65	80.74	-	6.15	12.81	0.28
95-96	2312.15	1811.87	-	167.45	327.30	5.53	78.36	-	7.24	14.15	0.23
96-97	1799.88	1338.98	1.17	163.78	247.74	48.21	74.39	0.06	9.09	13.76	2.67
97-98	1596.93	1299.31	-	182.98	94.79	22.45	81.36	-	11.45	5.93	1.40
98-99	1889.24	1312.02	1.17	332.51	146.96	42.22	69.44	0.06	17.60	7.77	2.23
99-00	3576.75	2749.01	-	515.32	283.53	28.89	76.85	-	14.40	7.92	0.80
00-01	1381.34	545.32	-	469.59	351.28	15.15	39.47	-	33.99	1.09	2.85

source:- Annual Reports of SBI Mutual Fund

Table 4.14 reveals the investment pattern of SBI Mutual Fund. The fund collected from small investors through different schemes are invested in securities of the corporate sector. It can be seen in the table that investment in equity shares recorded an increase over the period except in the year 2000-2001. Higher investment in equity shares indicates higher return at higher risk. Investment in preference shares is observed to be negligible. Lack of transferability and trading in stock exchange has reduced the attraction of investment in preference shares. Privately placed Debentures recorded reduction except in last two years. Investment in debentures plus bonds listed were observed to have reduced over the period of study Investment in debentures assures guaranteed return and also pre-

determined interest. Low risk taker normally invest funds in debentures. Investment in other securities is observed to be reduced. Investment in other securities included commercial paper ,Government securities etc. Thus overall it is observed that the investment made in equity shares is higher than the investment made in other type of securities.

Table 4.15

Table showing fund deployment in open ended schemes of SBI

period	Investable fund	Fund in corporate sector					Percentage of fund in corporate sector				
		Equity shares	Pref. shares	Private placement Of debentures	Debentures & bonds	others	Equity shares	Pref. shares	Private placement Of debentures	Debentures & bonds	others
1993-94	949.83	791.70	—	—	158.13	—	83.35	—	—	16.64	—
1994-95	1132.19	984.55	—	—	146.08	0.96	86.95	—	—	12.90	0.08
1995-96	1067.91	930.81	—	—	134.16	2.94	87.16	—	—	12.56	0.27
1996-97	698.81	592.92	—	6.08	81.00	18.81	84.84	—	0.87	11.59	2.69
1997-98	577.21	553.73	—	7.86	14.62	1.00	95.93	—	1.36	2.53	0.17
1998-99	664.14	605.30	—	28.36	30.48	—	91.14	—	4.27	4.58	—
1999-00	1264.27	867.23	—	193.18	181.00	22.86	68.59	—	15.27	14.31	1.80
00-01	487.38	229.45	—	33.16	212.03	12.74	47.00	—	6.80	43.50	2.61

Source:-Annual Reports of SBI Mutual Fund

Table 4.15 reveals the fund deployment in open ended schemes of SBI Mutual Fund .It can be observed from the table that investment in equity shares has increased in the initial period but from 98-99 shows a decreasing trend. Investment in equity shares largely depends upon the volatility in capital market. Investment in private placed debentures has increased over the years except in the year 00-01. The investment in debentures and bonds listed has been reduced except in the year 00-01. Thus ,overall preference for investment in equity shares has been more when compared to other investment

Table 4.16**Pattern of fund deployment in close ended schemes in SBI Mutual Fund**

(Rs in crs)

period	Investable fund	Fund in corporate sector					Percentage of fund in corporate sector				
		Equity shares	Pref. shares	Private placement Of debentures	Debentures & bonds	others	Equity shares	Pref. shares	Private placement Of debentures	Debentures & bonds	others
1991	546.84	233.27	--	87.64	101.44	124.49	42.65	---	16.02	18.55	22.76
1992	1372.97	854.64	1.33	205.07	134.23	186.70	62.24	0.09	14.93	9.77	13.59
93-94	1364.96	911.32	1.33	105.55	151.19	195.57	66.76	0.09	7.73	11.07	14.32
94-95	1218.60	913.56	--	144.64	154.61	5.69	74.96	---	11.86	11.86	0.46
95-96	1244.24	881.06	--	167.45	193.14	2.59	70.81	---	13.45	15.52	0.20
96-97	1101.07	746.06	1.17	157.70	166.74	29.40	67.75	0.10	14.32	15.14	2.67
97-98	1109.72	745.58	--	175.12	80.17	21.45	73.11	---	17.17	7.86	2.10
98-99	1225.10	706.72	1.17	302.30	116.48	42.22	57.68	0.09	24.67	9.50	3.44
99-00	2312.48	1881.78	--	334.32	102.53	6.03	81.37	---	14.45	4.43	0.26
00-01	893.96	315.87	--	436.43	139.25	2.41	35.33	---	48.81	15.57	0.26

Source:-Annual Reports of SBI Mutual Fund

Table 4.16 reveals pattern of fund deployment in close ended schemes of SBI Mutual Fund. It is observed in the table that investment made in equity shares has increased over the years. More investment in equity shares will augment income through buying and selling of securities in the secondary market. Investment in preference is observed to be negligible. Investment in private placed debentures has been increased over the years and investment in debentures and bonds showed a mixed trend. The investment in others which included commercial paper and central Government securities, has reduced over the years.

Investment in Government securities gives guaranteed return . Over all, preference for equity shares has increased over the years.

Table 4.17

Pattern of fund deployment in Income scheme of SBI MF

(Amount in crs)

period	Investable fund	Fund in corporate sector					Percentage of fund in corporate sector				
		Equity shares	Pref. shares	Private placement Of debentures	Debentures & bonds	others	Equity shares	Pref. shares	Private placement Of debentures	Debentures & bonds	others
1991	201.40	50.17	-	45.77	97.17	8.30	24.91	-	48.24	48.24	4.12
1992	579.20	285.25	1.33	176.06	116.56	42.48	49.24	0.22	30.39	20.12	7.33
93-94	509.27	305.81	1.33	88.23	113.90	53.55	60.04	0.26	17.32	22.36	10.51
94-95	536.28	283.85	-	128.20	124.23	-	52.92	-	23.90	23.16	-
95-96	578.48	289.11	-	150.96	138.35	0.06	49.97	-	26.09	23.91	0.01
96-97	479.92	226.95	1.17	138.82	112.98	17.44	47.28	0.24	28.92	23.54	3.63
97-98	558.65	336.31	-	153.19	48.69	20.46	60.20	-	27.42	8.71	3.66
98-99	620.69	128.56	1.17	313.24	142.63	35.09	20.71	0.18	50.46	22.97	5.65
99-00	1065.66	279.05	-	490.12	276.48	20.01	26.18	-	45.99	25.90	1.87
00-01	884.02	39.72	-	469.54	350.61	24.15	4.49	-	53.11	39.66	2.73

Source : Annual reports of SBI Mutual fund from 1991-2001

Table 4.17 reveals of pattern of funds deployed in income schemes. Mutual fund organisation invests the funds in securities of the corporate sector with an objective of monthly return to assured investors. It can be observed from the table that investment in equity share is not so encouraging. Investment in debentures gives guaranteed and pre-determined rate of return which helps to meet the assured return to investors. Investment in total debentures and bonds showed greater than equity investment which showed that they adhere to the objectives of the schemes. Thus, overall it showed that preference for debentures and bonds was observed to be higher . Investment in others has been reduced over the years. Overall it was

observed that preference for debt instrument is higher than the investment in equity capital

Table 4.18

Pattern of fund deployment in Tax planning schemes of SBI MF

(Amount in crs)

period	Investable fund	Fund investment in corporate sector				Percentage of fund invested in corporate securities			
		Equity shares	Private placement Of debentures	Debentures & bonds	others	Equity shares	Private placement Of debentures	Debentures & bonds	others
1991	261.81	130.58	13.19	4.27	113.77	49.87	5.03	1.63	43.45
1992	462.91	319.55	2.18	17.67	123.51	69.03	0.47	26.68	26.68
93-94	520.88	360.03	-0.92	25.62	134.01	69.11	0.17	4.91	25.72
94-95	373.05	346.54	--	20.92	5.59	92.89	-	5.60	1.49
95-96	729.42	323.64	-		-	44.36	-	4.48	-
96-97	311.72	272.91	3.52	32.73	1.98	87.54	1.12	10.68	0.63
97-98	298.03	271.98	1.35	33.31	0.90	91.25	0.45	7.98	0.30
98-99	394.23	391.55	1.74	23.80	-	99.32	0.44	0.23	-
99-00	696.20	695.14	0.40	0.94	-	99.84	0.05	0.09	-
00-01	182.46	181.99	-	0.66	-	99.74	-	0.25	-

Source :Annual reports of SBI mutual fund from 1991-2001

Table 4.18 reveals pattern of fund deployment in tax planning schemes. Tax planning schemes are basically issued to investors who preferred to avoid tax. These schemes are designed on the basis of tax policy with special tax incentives to tax paying investors. It is observed in the table that preference for investment in equity shares has increased over the years. Investment in equity provides a long-term capital appreciation along with tax benefits. Investment in privately placed debentures and bonds listed together accounted a limited growth compared to equity investment. Investment in others has been reduced over the years. This shows that investment pattern followed as per the objectives laid down in schemes

i.e growth plus tax benefits. Thus overall it shows that preference for equity investment is more than in other type of investment.

Table 4.19

Table showing pattern of fund deployment in Growth oriented schemes

(Amount in Crs)

period	Investable fund	Fund investment in corporate sector				Percentage of fund invested in corporate securities			
		Equity shares	Private placement Of debentures	Debentures & bonds	others	Equity shares	Private placement Of debentures	Debentures & bonds	others
1991	133.79	102.69	28.68	-	2.42	76.75	21.43	-	1.80
1992	288.38	240.84	26.83	-	20.71	83.51	9.30	-	7.18
93-94	1231.33	1037.18	16.40	169.80	7.95	84.23	1.33	13.78	13.78
94-95	1441.36	1267.72	16.44	156.24	0.96	87.95	1.14	10.83	10.83
95-96	1377.30	1199.12	16.49	156.22	5.47	87.06	1.19	11.34	0.39
96-97	991.60	839.92	21.44	101.45	28.79	84.70	2.16	10.23	2.90
97-98	741.96	691.02	28.24	21.70	1.00	93.13	3.80	2.92	0.13
98-99	820.56	791.91	17.53	3.99	7.13	96.50	2.13	0.48	0.86
99-00	1846.50	1774.82	25.00	6.39	40.29	96.11	1.35	0.34	2.18
00-01	323.86	3236.61	0.05	0.20	-	99.92	.01	0.06	-

Source :Annual reports of SBI mutual fund from 1991-2001

Table 4.19 reveals the pattern of fund deployment in growth oriented schemes of SBI Mutual Fund. Growth schemes are basically issued with an objectives of capital appreciation through capital market. It can be observed from the table that preference for equity investment has increased over the years. It can be observed from table that objectives of growth oriented schemes are adhered to. The investment in privately placed debentures and bonds is reduced over the years. Investment in other securities such as commercial paper, central Govt. security has also been reduced over the years. Thus overall it shows that the investment in equity capital is more than the investment in other type of investment securities

4.3.2 Pattern of Fund Deployment in CanBank Mutual Fund

Table 4.20

**Table showing pattern of fund deployment in open ended schemes
Of CanBank mutual fund**

period	Investable fund	Fund investment in corporate sector				Percentage of fund invested in corporate securities			
		Equity shares	Debentures and bonds	Pvt. Placed debentures	others	Equity shares	Debentures and bonds	Pvt. Placed debentures	others
91-92	1098.17	576.7	367.7	73.04	80.73	52.52	33.48	6.65	7.35
92-93	1605.2	867.6	496.1	111.2	130.3	54.05	30.91	6.93	8.12
93-94	1669.74	974.2	535.8	97.9	62.40	58.34	32.08	5.86	3.72
94-95	1480.36	1017	345	82.47	35.89	68.70	23.30	5.57	2.42
95-96	1442.51	773.7	326	57.71	285.10	53.64	22.60	4	19.76
96-97	1355.66	639.5	460.9	46.76	208.5	47.17	34	3.45	15.38
97-98	766.41	727.5	18.94	5.98	13.99	94.92	2.47	0.78	1.83
98-99	714.2	700.10	12.23	-	1.87	98.03	1.71	-	0.26
99-00	482.32	475.7	0.29	-	6.33	98.63	0.06	-	1.31
00-01	268.01	260.4	1.33	-	6.28	97.16	0.50	-	2.34

Source :Annual reports of CanBank Mutual Fund from 1991-2001

It can be observed from the table that investment in equity shares in corporate sector has been increased from 91-92 to 94-95 and later on 97-98 to 2000-01. The investment in equity share was decreased during the year 95-96 and 96-97. Investment in equity shares depends on the capital market and it is known for its volatility. If the market is rising then there will more response from the investors to invest in mutual fund schemes.. Thus, it showed that market was slow during 95-96 and 96-97 period. The investment in debentures and privately placed debentures has decreased over the years. Debentures assures guaranteed rate of return but return is less as compared to equity shares. Investment in debt instruments such as Govt. Securities has been reduced. Overall it shows that

preference for the equity investment has increased over the years. Funds can enhance their income through investing in equity capital.

Table 4.21

**Table showing pattern of fund deployment in close ended schemes
Of CanBank Mutual Fund**

period	Investable fund	Fund investment in corporate sector				Percentage of fund invested in corporate securities			
		Equity shares	Debentures and bonds	Pvt. Placed debentures	others	Equity shares	Debentures and bonds	Pvt. Placed debentures	others
91-92	1123.35	552.7	426.5	68.49	75.66	49.2	37.97	6.10	6.73
92-93	1790.74	1000.00	522.6	86.34	181.8	55.85	29.18	4.82	10.15
93-94	1914.51	1283	461.2	88.65	81.66	67.01	24.10	4.63	4.27
94-95	1756.04	1288	340.3	88.23	39.51	73.35	19.38	5.02	2.25
95-96	1039.66	1039	250.6	79.81	57.74	72.79	17.57	5.59	4.05
96-97	1427.15	682.50	261.9	47.84	47.42	65.65	25.19	4.60	4.56
97-98	347.36	325.9	21.46	00	00	93.82	6.18	00	0.06
98-99	343.66	312.8	30.86	00	00	91.02	8.98	00	0.00
99-00	288.88	259.8	29.08	00	00	89.93	10.07	00	00
00-01	77.84	60.62	17.22	00	00	77.88	22.12	00	00

Source :Annual reports of CanBank Mutual Fund from 1991-2001

It can be seen in the table that fund deployed in equity shares has increased over the year. Even though the total amount of investment has decreased but the share of equity capital in corporate sector has increased. The percentage of equity shares in 1991-92 was 49.20 per cent as the lowest and in 98-99 it has been 93.82 per cent considered as the highest. The investment in debentures and bonds has been reduced over the years. It is observed that in the year 91-92 it was the higher 37.97 per cent and in the year 97-98 it has been the lowest at 6.18 per cent as the lowest. The investment in privately placed debentures as well as the investment in other securities observed to have reduced.

Table 4.22**Table showing pattern of fund deployment Of CanBank Mutual Fund**
(Rs in crs)

period	Investable fund	Fund investment in corporate sector				Percentage of fund invested in corporate securities			
		Equity shares	Debentures and bonds	Pvt. Placed debentures	others	Equity shares	Debentures and bonds	Pvt. Placed debentures	others
91-92	2221.52	1129.4	794.2	141.5	156.4	50.84	35.75	6.37	7.04
92-93	3395.94	1867.6	1019	216.6	312.1	54.69	29.83	6.34	9.14
93-94	3584.25	2257.2	997	186.6	143.7	62.97	27.82	5.20	4.01
94-95	3236.4	2305	685.3	170.7	75.4	71.22	21.17	5.27	2.33
95-96	2869.66	1812.2	576.6	137.5	342.4	63.17	20.10	4.79	11.94
96-97	2395.32	1322	722.8	94.6	256	55.19	30.18	3.95	10.68
97-98	1113.81	1026	39.7	5.98	13.99	94.64	3.57	0.54	1.26
98-99	1057.86	1012.9	43.89	00	1.87	95.68	4.15	00	0.18
99-00	771.20	735.5	29.37	00	6.33	95.37	3.81	00	0.82
00-01	345.85	321.02	18.55	00	6.28	92.82	5.36	0	1.82

Source :Annual reports of canbank mutual fund from 1991-2001

Table 4.22 reveals the investment pattern of CanBank Mutual Fund. It is viewed in the table that investment in equity shares has been augmented over the years. The equity investment in the year 1991-92 has been 50.84 per cent and in the year 99-00 it has been the highest at 95.37 per cent. The investment in debentures & bonds listed observed to be reduced over the year. It is observed that in the year 91-92 it was 35.75 per cent where as in the year 2000-01 it recorded at 5.36per cent.. It is noticed that investment in privately placed debentures has been reduced from 6.37percent in 91-92 to 95-96 and 0.54 per cent in 1997-98 and later on it was nil . The investment in others which consists of central Govt. securities etc. has been reduced from 7.04 per cent in 2000-01.

4.4 GROWTH PERFORMANCE OF SBI AND CANBANK MUTUAL FUND

Growth of SBI Mutual Fund and CanBank Mutual Funds is computed through annual compound growth rate. Unit capital, total investible funds, reserves and surplus, gross income and gross expenses were considered as growth rate variables. These growth rates will indicate whether the size of the mutual fund has been accelerated or retarded. Hence the growth rates are worked out to evaluate the efficiency of SBI and CanBank Mutual Fund

4.4.1 Annual Compound Growth Rate of SBI Mutual Fund

Table 4.23

Table showing compound growth rate of SBI Mutual Fund

Variables	R2	T-value	C.G.R(%)
Capital	0.09	-0.839	3.68
Total Investible Fund	0.13	-1.485	7.55
Reserve and surplus	0.62	-3.957	30.34
Gross income	0.07	-0.779	61.22
Gross expenses	0.29	-2.164	15.14

Source:- Annual Reports of SBI mutual fund ltd.

It can be seen from the table that the compound growth rate of unit capital in SBI Mutual Fund registered at 3.68 percent which is considered to be very poor. Unit capital signifies that funds were generated through sale of units. A poor growth of unit capital indicated that a less response from investors during launching the schemes. The total investible fund recorded at 7.55 percent, considered as to be poor. The reserves and surplus posted a compound growth of 30.34 percent which is considered excellent growth. The compound growth rate of gross income registered at 61.22 percent which shows really an impressive growth

.Income of mutual fund largely depends upon the volatility of capital market and a decision of management in choosing various scrips. The gross expenses recorded a compound growth of 15.14 percent showing better controller in expenses. Overall, it can be observed from the table that only the gross income posted an excellent growth as compared to the growth rate of all other financial indicator of SBI Mutual Fund..

Table 4.24

Table showing compound growth rate of Open Ended scheme of SBI Mutual Fund

Variables	R2	T-value	C.G.R
Capital	0.70	-4.220	43.18
Total Investible Fund	0.04	0.564	3.01
Reserve and surplus	0.33	-2.086	24.73
Gross income	-0.16	0.078	10.65
Gross expenses	0.04	-0.512	6.83

Source:- Annual Reports of SBI mutual fund ltd.

The compound growth rate of open ended schemes of SBI Mutual Fund for the peroid 1991-2001 is disclosed in table 4.24. It can be seen from the table that the unit capital and reserves and surplus which are considered as the most important components of owned fund have recorded 43.18 per cent and 24.73 per cent growth rates respectively over the period, highlighting a good contribution from the unit holders towards the purchase of units on the one hand and a liberal addition to its reserves on the other this speaks an adequate returns earned over the years. The total investible fund recorded 3.01 per cent considered to be poor. Gross income posted 10.65 percent considered to be reasonably low. The gross expenses recorded 6.83 per cent indicating an efficient control over the expenses during the study period. Overall it is witnessed from the table that unit capital and reserve and surplus have posted a considerable growth.

Table 4.25

Table showing compound growth rate of close ended scheme of SBI Mutual Fund

Variables	R2	T-value	C.G.R
Capital	0.09	1.432	10.49
Total Investible Fund	0.02	-0.386	1.83
Reserve and surplus	0.63	-4.021	28.14
Gross income	-0.11	0.291	1.46
Gross expenses	0.06	-1.220	7.04

Source:- Annual Reports of SBI mutual fund ltd.

The growth rates of close ended schemes of SBI Mutual Fund are displayed in table 4.25 . It can be observed from the table that unit capital is one of the prime components of owned funds which has registered 10.49 per cent compound growth rate over the years revealing unsatisfactory growth which could be attributed to low response from unit holders to purchase mutual fund. The total investible fund has been registered 1.83 percent which is considered to be rather poor .

The reserves and surplus on the other hand, is an another important component of the owned fund which has recorded 28.14 per cent compound growth rate over the years considered to be satisfactory. The gross income posted 1.46 percent growth rate considered to be very negligible. The investment made by mutual fund depends upon the market position and timing ability of the mutual fund organisation in making investments.. A poor income earned signifies that the scrips purchased by mutual fund generated lower earnings during the study period and gross expenses recorded 7.04 percent which is reasonably low. This indicates that the expenses of close ended schemes were under constant supervision.

Overall, it is observed that, reserves and surplus and unit capital have posted considerably a good growth..

4.4.2 Growth rate of CanBank Mutual Fund

Table 4.26

Table showing Growth rate of close ended schemes of CanBank Mutual Fund

Variables	R2	T-value	C.G.R
Capital	0.05	-0.167	2.00
Total Investible Fund	0.77	5.700	34
Reserve and surplus	0.29	2.176	40
Gross income	0.28	2.172	20
Gross expenses	-0.12	0.062	0.00

Source:- Annual Reports of CanBank Mutual Fund

It can be observed in the table that the compound growth rate of unit capital recorded at 2 per cent which is considered to be very poor. A poor growth of unit capital indicates a low response from the investors towards various close ended schemes. The compound growth of investible fund registered 34 per cent which is encouraging. The growth of investible fund will enhance the income of the mutual fund organisation.. Reserves and surplus denoted a compound growth rate of 40 percent and this is considered to be reasonably good. This signifies that sufficient amount of profit was earned from the schemes launched during the study period. The gross income recorded 20 per cent compound growth which is satisfactory. The satisfactory growth of income reveals that investment made in different securities has given a satisfactory yield. Expenses have not shown any growth which means that the expenses were in control.

Table 4.27

Table showing growth rate of open ended schemes of CanBank Mutual Fund

Variables	R2	T-value	C.G.R
Capital	0.54	3.515	14.33
Total Investible fund	0.67	4.488	18.29
Reserve and surplus	-0.11	0.261	1.20
Gross income	0.35	2.481	16.88
Gross expenses	0.07	0.835	5.80

Source:- Annual reports of Canbank Mutual fund

It can be seen from the table that compound growth of unit capital has been recorded at 14.33 per cent. The average growth of unit capital indicates of a poor response for open ended schemes from investors. The compound growth rate of investible fund recorded at 18.29 percent over the years denoting a meager growth. This signifies that a sufficient funds have been invested by the mutual fund in various securities. The compound growth of reserves and surplus recorded 1.20 percent which is low. A poor growth of reserves and surplus indicated a low profit earned annually and less fund were been diverted to reserves and surplus. The compound growth rate of gross income registered at 16.88 per cent which is relatively low. The compound growth of gross expenses recorded at 5.80 per cent indicating an efficient management of expenses.

4.5 PERFORMANCE ANALYSIS THROUGH RISK ADJUSTED RETURN

The performance evaluation of mutual fund schemes in the framework of return, and risk, is attempted in this chapter. The performance evaluation begins

with the comparison of the returns of a mutual fund scheme(managed portfolio) with the returns that would have been obtained by the investors if one or more alternative random portfolios had been chosen for investment.

4.5.1 Sharpe Ratio of SBI and CanBank Mutual Fund Schemes

Table 4.28

Sr no	Schemes	Sharpe ratio of the schemes	Sharpe ratio of the benchmark
	Corpus size less than 50crs		
1	SBI Global fund	-0.04028	-0.038105
2	SBI Magnum sector(Infotech)	-1.8455	-0.0933
3	Magnum sector –Pharma	-0.05974	-0.09024
4	Canexpro	-1.8278	0.0333
5	CanPep95	-0.0728	-0.0706
	Corpus size above 50crs		
1	SBI Growth fund	-2.4988	-0.0798
2	Magnum multiplier plus	-0.0610	-0.2019
3	Magnum sector umbrella	-0.6858	-0.6825
4	CanBonus	-0.0849	0.0341

Source : computed from NAV s and Market return from BSE Sensex

Table 4.30 presents Sharpe ratios of mutual fund schemes. It can be observed from the table that, schemes within the corpus size of 50 crs includes Magnum sector pharma has outperformed the Benchmark. The return earned are compared with the Benchmark. Other schemes viz SBI global fund, SBI Magnum sector, canexpro and canpep95 have not performed the market.

In the corpus size of above 50 crs, Magnum multiplier plus has outperformed the benchmark whereas SBI growth fund, Magnum sector umbrella and canbonus have not performed the market.

4.5.2 Treynor Ratio of SBI and CanBank Mutual Fund Schemes

Table 4.29

Sr No	Schemes	FUND	BENCHMARK
	Corpus size less than 50crs		
1	SBI Global fund	0.252839	0.17
2	SBI Magnum sector(Infotech)	-13.2281	-0.4521
3	Magnum sector -Pharma	-0.2072	-0.4383
4	Canexpro	-0.0904	-0.2815
5	CanPep95	-1.3358	0.1375
	Corpus size above 50crs		
1	SBI Growth fund	-0.9222	-0.3343
2	Magnum multiplier plus	-1.0018	-0.3084
3	Magnum sector umbrella	-0.6825	-3.32
4	CanBonus	0.5437	-0.1658

Source: computed from NAVs from BSE –sensex from 1998 to 2001

Table 4.31 reveals Treynor ratio of mutual fund schemes of SBI and CanBank Mutual Fund. It is observed in the table that ,in the corpus size of below 50crs,SBI Global fund ,Magnum sector –pharma and Canexpro have performed well in the market as compared to benchmark. In the corpus size of above 50 crs, Magnum sector umbrellas and Canbonus have performed well compared to benchmark

4.5.3 Jensen Measures of SBI and CanBank Mutual Fund Schemes

Table 4.30

Sr no	Schemes	Actual Return	Equilibrium Return	Alpha value	t-value
	Corpus size less than 50crs				
1	SBI Global fund	-0.24	0.31103	-0.07103	12.5434
2	SBI Magnum sector(Infotech)	-0.27435	-13.50245	-13.2281	10.2249
3	Magnum sector -Pharma	-0.2743	0.2346	-0.0397	7.5774
4	Canexpro	-0.0945	0.5889	0.4944	1.2599
5	CanPep95	0.2784	-0.49974	-0.22134	3.12067
	Corpus size above 50crs				
1	SBI Growth fund	-0.0153	-0.3338	-0.3185	-11.692
2	Magnum multiplier plus	-0.3871	0.1185	-0.2686	1.7340
3	Magnum sector umbrella	-0.4321	-0.5675	-0.1354	11.816
4	CanBonus	0.3657	-0.6199	-0.2542	14.8112

Source: computed from NAVs from BSE –sensex from 1998 to 2001

Table 4.30 reveals Jensen measures of SBI and CanBank Mutual Fund. In the corpus size of less than 50crs, canexpro has positive alpha value indicating superior performance. The value of alpha is an absolute, which indicates differential return of the portfolio between equilibrium return and actual return. Equilibrium return is the return the benchmark portfolio is expected to earn with the given level of systematic risk. The additional return earned by the fund manager over equilibrium return can be attributed to his ability to select the securities. In the corpus size of above 50 crs, all the schemes alpha are negative hence performance are not good as per equilibrium return.

Conclusion

- 1) The efficiency of open ended schemes of CanBank Mutual Fund was observed satisfactory whereas efficiency ratios of close ended schemes of SBI Mutual Fund were observed satisfactory and efficiency ratios of CanBank Mutual Fund as a whole was observed satisfactory.
- 2) The growth variables viz unit capital reserves and surplus total investible fund and gross income of open ended schemes and gross expenses of close ended schemes of CanBank Mutual Fund were found satisfactory.
- 3) The funds deployment in growth schemes, income schemes and tax planning schemes of SBI and CanBank Mutual Fund was observed that they adhere to the investment pattern of as per the norms of the schemes
- 4) The Sharpe ratio of Magnum sector pharma ,Magnum multiplier plus schemes were identified as greater than Benchmark. Thus it signifies that these schemes have outperformed the market
- 5) The Treynor ratio of SBI global fund, Magnum sector pharma, Canexpro, Magnum sector umbrella and Canbonus were performed better than benchmark.
- 6) The Alpha value of Canexpro is positive , thus it signifies that it has performed well in the market. where as other schemes alpha value is negative thus it indicates that they do not performed well in the market.