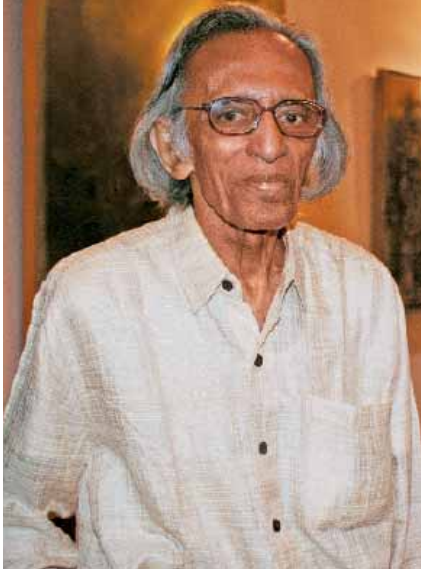


Art Attack

Contemporary and modern Indian art has blossomed into a \$250 million business and artists are reaping a windfall because of growing interest in their works. **Dipta Joshi** paints an alluring portrait of the art scene in the country



INVESTIBLE ASSET CLASS: Painter M.F. Husain with a painting



PHOTOCORP

MAHISASURA: Tyeb Mehta's painting fetched a record price in New York

Indian artists have never had it so good. Each time the auctioneer's hammer falls, Indian artists seem to strike gold. The one vital fact of these transactions is that not all buying is for the love of art alone but because of possible dividends they are likely to accrue in the future. Which is why, Indian artists across the spectrum, from the Masters to newbie's are being lapped up.

Indian auction house Osian's – Connoisseurs of Art, totalled a turnover of nearly a million dollars for their Masterpieces series held earlier this year. Recently, Laila Khan Rajpal, one of India's contemporary artists, saw her work sell for double the opening price at a London auction.

The windfall began ever since Tyeb Mehta's painting 'Mahisasura' sold for \$1.58 million at a Christie's New York auction in September 2005. Just a day earlier at a Sotheby's Indian sale, a Ram Kumar painting sold for \$396,800. The revival of interest even saw Amrita Shergil's painting, 'Village Scene' being resold at \$1.7 million in the same year. It had been sold for around \$27,000 in 1992.

"With the creation of several key infrastructure building projects, the role of arts in India's developmental framework will gather further momentum," points out Neville Tuli of Osian's, the country's

first domestic auction house. "Though the market is still at a nascent stage, over the next 8-10 years, every dimension of art will be embedded in the socio-economic-political psyche of our people."

According to rough estimates, the Indian contemporary and modern art market is worth nearly \$250 million. Attach the great investment opportunity tag to Indian art, and it becomes a brand you cannot ignore. Investing in it is serious business. A fact reiterated by the fact that in 2004 industrialist Guru Swarup Srivastava paid nearly \$25 million for 125 paintings by Maqbool Fida Husain, without so much as having set his eyes on them.

Srivastav claimed he bought the works more with financial vision than an aesthetic sense. It is such business acumen that has given rise to the term 'suitcase dealers' in the art market. Suitcases stacked with cash, these dealers are known to walk into an artist's studios and pick up every visible canvas.

Art market experts agree Indian art is being viewed as an investible asset class

by itself just like equity, bonds or gold. "The past two years alone have seen a rise of at least 10 -12 times in the sign value (the signature of the artist which decides its price) of a few 100 artists in India," says Banibrata Podder, curator for the Nandan Art Gallery in Mumbai.

Consider this: a 20 by 30 inch watercolour on paper of painter Atul Dodiya which could be bought for less than \$8,000 in 2005 will cost you a little over \$25,000 today.

India's booming economy is responsible for the growing demand for what was once considered (and is even now to some extent) a luxury investment indulged in by those with deep pockets.

"Today, bigger and better pay packets have bought in a whole new segment of art buyers to the field," remarks Arpit Agarwal, CEO of Dawnay Day AV Financial services (DDAV). "They are investing the liquid cash available in art." The financial services group says the number of clients asking for advise on investing in art has gone up considerably.

DDAV has followed the example set



PHOTOCORP

TOP ARTIST: Anjolie Ela Menon



PRICELESS WORKS: S.H. Raza

PHOTOCORP

TRACKING ART PRICES

With rising interest from both international and domestic clients, having a systematic method to understanding the dynamics of the art market was important. The ET Art Index was launched with precisely this in mind. Leading Indian business daily, *Economic Times*, and *Osian's – Connoisseurs of Art*, came together to launch the ET Art Index.

The index used 1997 as the base year for calculating the base values of transaction of artworks belonging to 51 of India's leading contemporary artists. Some of the prominent artists included in the index are: Jamini Roy, A R Chughtai, M F Husain, F N Souza, Tyeb Mehta, V S Gaitonde, Ganesh

Pyne, J Swaminathan, J Sultan Ali, Akbar Padamsee and Bhupen Khakhar. The index is calculated on the basis of the average Square Inch rate of the works of art of these artists besides the liquidity and historical (significance) weightage of the artists. The historical weight for each artist has been given on the basis of a range of criteria such as originality, critical acclaim, collector profits and sales records.

On a compounded annualised growth rate (CAGR) basis, the ET Art Index gave a 47.8 per cent return since its inception. From a level of 100 on December 31, 1997, the index value stood at 2564.7 in December 2006. It stood at 2,295.1 in July this year.

by its UK-based parent company and has already amassed a huge collection of Indian art in the past year and a half.

According to Ambit Capital, a financial advisory firm – which has been studying returns from various asset classes – on an average for the past four years (March 2003 – March 2007) investments in art gave returns of over 10 times, as against five times for equity markets. "Art is by far the riskiest asset class since there are no price discovery mechanisms, no regulatory authority and its pricing is purely subjective," explains Nilesh Shah, CEO, Ambit Capital, and trustee of India's first art fund Yatra Art Fund. "With greater risks come greater gains." The ET Art index too indicates that compounded annualised growth return (CAGR) from 2000 to July 2007 from art as an investment has been 55.52 percent, whereas the CAGR from equity markets (with only BSE taken into account) was 23.38 per cent. Gold came way behind at 10.81 per cent.

So now you know why a Husain or a Raza today is as priceless as the blue chip you own. Besides, Indian art has a huge catalogue one can choose from. Price-wise, a few of India's top artists are Tyeb Mehta, Manjit Bawa, V S Gaitonde, Anjolie Ela Menon, S H Raza, M F Husain, Ganesh Pyne, Jogen Chowdhry and Paritosh Sen.

The middle order includes Arpita Singh, Arpana Caur, Samir Mondal, Baiju Parthan, Ajay De, Krishnamachari Bose and Sunil Padwal. Yet others like, Laila Khan Rajpal and Prakash Waghmare are also moving up the price ladder.

Indian artists might have moved up



SPECTACULAR RISE: Banibrata Podder

the price ladder but their valuations as compared to counterparts in the global art market are still peanuts. While a top-notch Indian artist could collect anything close to \$2 million today, artists elsewhere earn in the range of \$60 to \$120 million for comparable works.

But the huge gap is hardly bothering art aficionados since India has earned its 'art destination' tag only recently, since 2000. Comparatively, other Western art markets have thrived for over 20 to 30 years.

Another heartening aspect is the international interest in buying Indian art while it is still attractively priced. Until five years ago, the internationally well-known auction house, Christie's India painting sales totalled about \$650,000. Indian art has since proved lucrative for it. Christie's auction of modern and contemporary Indian art in New York this March totalled \$8.6 million. In the same week, Sotheby's, another reputed auction house, created a record for its sale of Indian art by billing over \$15 million.

Currently, the total number of art collectors in India is still in the hundreds. One way of roping in more of those who believe investing in art is rewarding has been through the various Art Funds launched in the past two years.

The first such, the Yatra Art Fund, was launched in September 2006 and managed to attract 40 investors. The fund has given around 40 per cent returns. The Osian's Art Fund which completed a year in July, has been able to give a 27 per cent post tax return to its 656 unit holders.

The Crayon Capital Art Fund launched

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MEANINGFUL INVESTMENT: Neville Tuli

a couple of months back is targeting a 30.4 per cent return on an annualised basis. Going by the buoyancy in the art market, more funds can be expected. DDAV plans to cash in on its expertise in international and Indian art by launching an Art Fund as soon as it is given the regulatory permission. According to Agarwal, "We are putting money where our mouth is. We do not intend getting into the Art Fund business for the brokerage. The data we have on price movement and artist valuations is unique. The idea is to expand the art market breaking its image of being just an elitist product."

With more support from the legal and regulatory authorities Art Funds are expected to garner greater credibility thus leading to evolution of an art-based mutual fund industry over the next three to four years.

Art lovers are hoping the other positive repercussion of all this interest could eventually lead to a real understanding of

the arts. As Tuli puts it, "If the aesthetic and historical dimensions – the core of art and its creativity – are not understood and respected by the market system, art will have little financial credibility. Only when the aesthetic-historical-financial sequential linkage is embedded into the psyche of the people will the concept of art as investment hold meaning."

Says artist Samir Mondal: "For me my art is paramount and I do not understand if art as an asset is good or bad. There is no denying, however, even discussing whether art is a good or bad investment is leading to more awareness about it. Now that is surely good."

In the meanwhile, you can reassure yourself of the great returns the Ganesh Pyne gracing your wall will fetch you. Elsewhere in India, suitcase dealers are on their way to artists' studios. For sure, if "Mona Lisa" was part of Indian art today, her utterly mysterious smile would have ripened into a grin. 🌈

COMPARATIVE INDICES: INDIAN CONTEMPORARY ART AND OTHER INVESTMENTS

	Index 2000	2004	2005	Dec-06	Jul-07	Average CAGR 2000 - Jul 2007
ET Art Index powered by Osian's	130.0	1,256.7	2,203.7	2,564.7	2,295.1	55.53
BSE Sensex - Close	127.7	212.3	302.2	430.3	500.5	23.38
Gold	112	155	161	221	217	10.81

Assumptions

- The ET Art Index powered by Osian's represents 51 key artists of India, which cover 88% of total sale value in public auctions.
- BSE statistics are actual figures as on 31 December for each year
- Gold prices are actual figures as on 31 December for each year
- Values for BSE and Gold were converted to 100 as on 31 December 1997 to facilitate comparison with the ET Art Index.