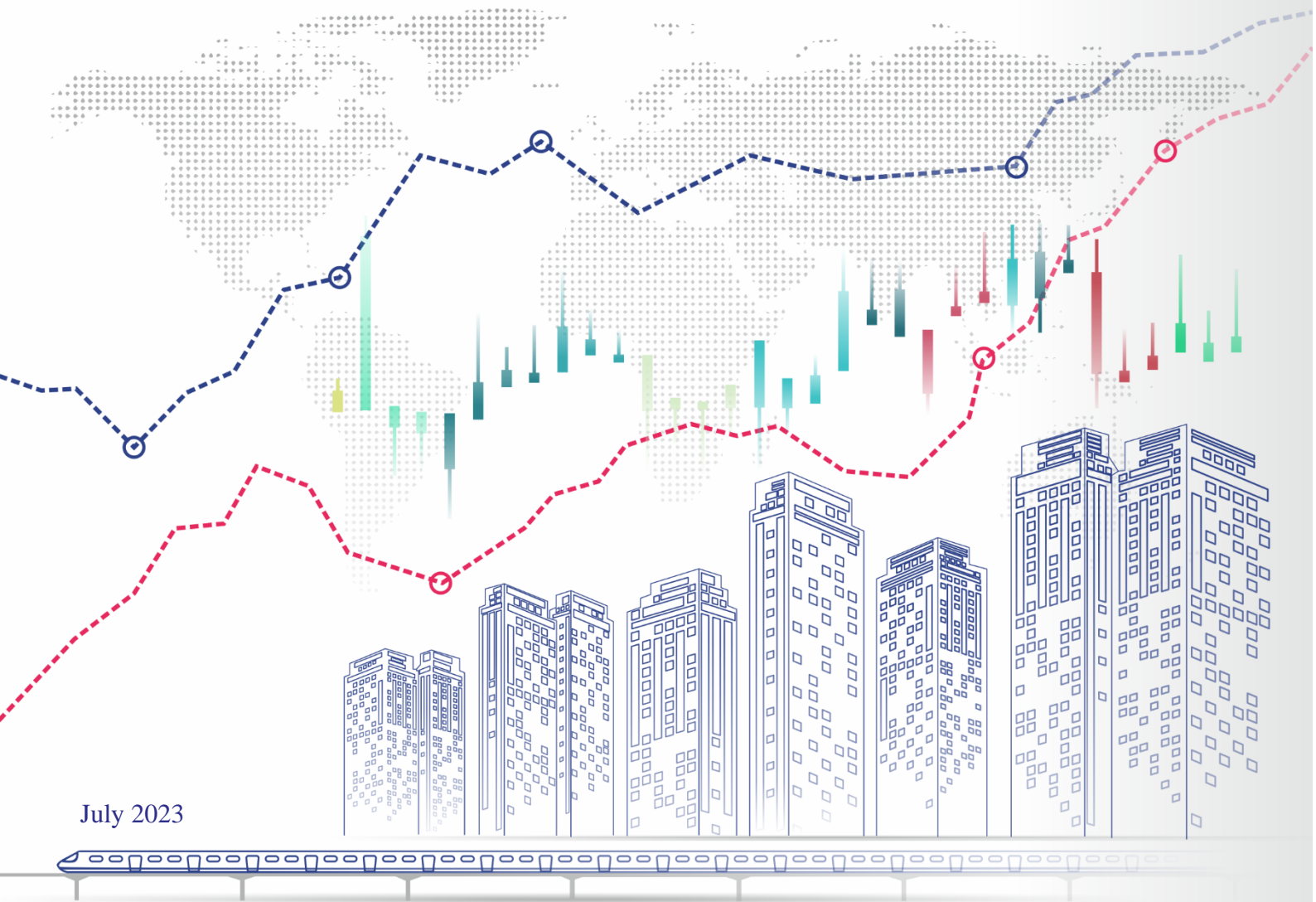


## IIMA-AuraArt Indian Art (Price) Index

# The Canvas of Indian Art Market

IAIAI | 2023 Q2 Release

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IIM Ahmedabad-AuraArt Indian Art Index - Developed by IIM Ahmedabad in collaboration with Aura Art Development Pvt Ltd, Mumbai.

Disclaimer: The findings, interpretations, and conclusions expressed in this note are those of the authors and do not necessarily represent the views of IIM Ahmedabad or the Misra Centre for Financial Markets and Economy (MCFME).

# The Canvas of Indian Art Market

## IAIAI – 2023 Q2 Release

Poorvi Anchalia<sup>1</sup> & Prashant Das<sup>2</sup>

Authors are thankful to **Rishiraj Sethi**<sup>3</sup> of Aura Art for their support on the index.

### OVERVIEW

In recent years, art purchases in the Indian art market have evolved to include considerations beyond aesthetics, with a growing number of high-priced sales attracting investors due to their potential for wealth enhancement. The buyer demographics have shifted, with increased interest from young collectors, including millennials. Price indices are crucial for evaluating trends and investment opportunities in the art market, as they provide insights into the emotional and economic value of art. Various factors influence art pricing, such as artist reputation, medium, size, rarity, timing, and location of the sale. The 2023 Q2 IIMA-Aura Art Price Index suggests a seasonal trend in art prices in India, with prices generally remaining subdued during this period.

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# 1 Introduction

Where art speaks to the heart, price indices decipher the market's code, revealing the hidden cadence of emotion and economic value. As a quantitative tool for assessing the art market, a price index is essential to evaluating trends, artist values, and investment opportunities. Traditionally, art was primarily appreciated by the intellectuals and wealthy for its aesthetic value, and art auctions were frequently driven by social motives. However, in recent times, there has been a notable shift in perception, as art has emerged as an increasingly sought-after asset class attracting the attention of investors aiming to enhance their wealth. In March 2023, a new record in the art market was achieved with the sale of an untitled, oil on canvas by V.S. Gaitonde from 1980, fetching a hammer price of around Rs. 47.5 crore in the Saffronart Spring Live Auction of South Asian Modern Art held in Mumbai.<sup>4</sup> On the other end of the globe, in March 2023, Wassily Kandinsky's oil artwork titled "Murnau with Church II" (1910) was sold for an impressive \$44.8 million.<sup>5</sup>

Although one could contend that the value of this asset class goes beyond opulence, one may also wonder about the factors that influence its price. The pricing of artworks can be complex and difficult to analyze due to market dynamics, often defying complete rationality and quantifiability (Baumol, 1986). While factors can be heterogeneous, such as the artist's reputation, the medium used, the size of an art piece, rarity, timing, and location of the sale (Agnello, 2002; Li et al., 2022; Renneboog & Spaenjers, 2013), play their role in pricing. A thorough analysis of historical data while controlling for other factors can reveal that they may not be as random as commonly perceived and hence informed investment decisions can be made based on it (Das & Sethi, 2022). As per Neuendorf's statement, the pricing of artworks by emerging artists typically relies on factors such as size and medium (Valle, 2018).

A pertinent question arises: Who are the individuals that purchase, or rather invest in, such high-priced artworks? A risk-averse investor would not find this asset alluring because of its intrinsic risk-return characteristics, according to a 1993 research by Goetzmann (1993) that looked at the art market from 1715 to 1986. Christie's revealed that the number of new buyers in the

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<sup>4</sup><https://www.saffronart.com/auctions/postwork.aspx?l=41816>

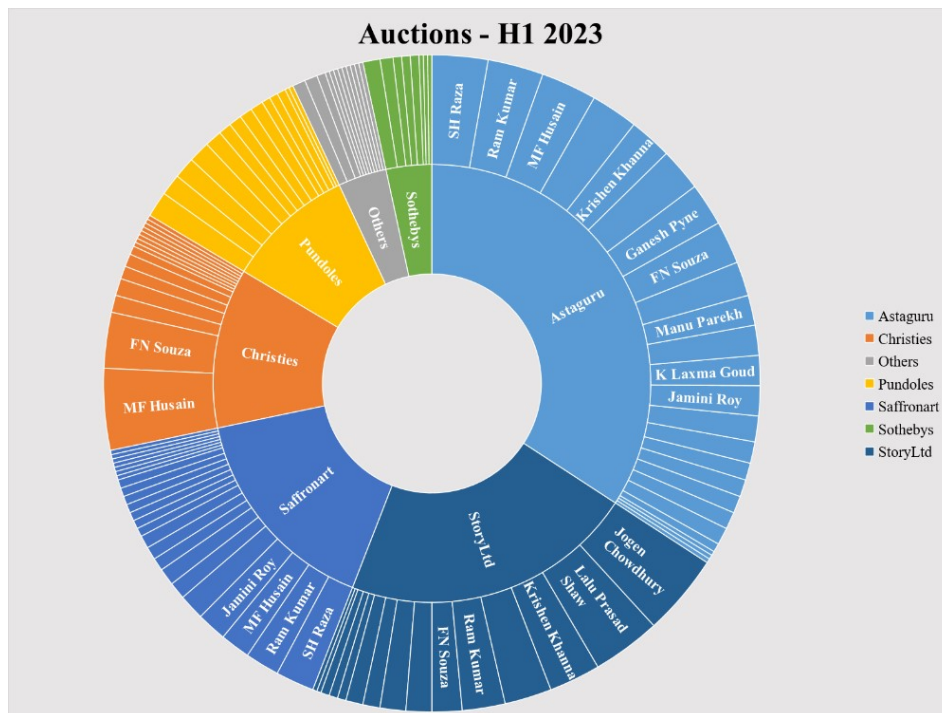
<sup>5</sup><https://economictimes.indiatimes.com/magazines/panache/wassily-kandinskys-masterpiece-murnau-mit-kirche-ii-fetches-45-mn-at-london-auction/articleshow/98367087.cms?from=mdr>

art market has significantly increased with millennials accounting for 31% of all buyers for the year 2023, signaling a shift towards younger collectors.<sup>6</sup> With the liberalization of markets and the inclusion of economies like India, China, and Eastern Europe, there has been a notable increase in the number of buyers (Valle, 2018).

## 2 The Canvas of Indian Art Market - Q2 2023

During Q1 and Q2 of 2023 [Figure 1], Christie's conducted auctions for a total of 13 art pieces by FN Souza, with acrylic being the primary medium used for most of them. Additionally, Christie's excelled in the sale of MF Hussain's artworks, accounting for 19 pieces, with a majority of them being oil works sold in Q1.

Figure 1: Auction House - Artist Sales

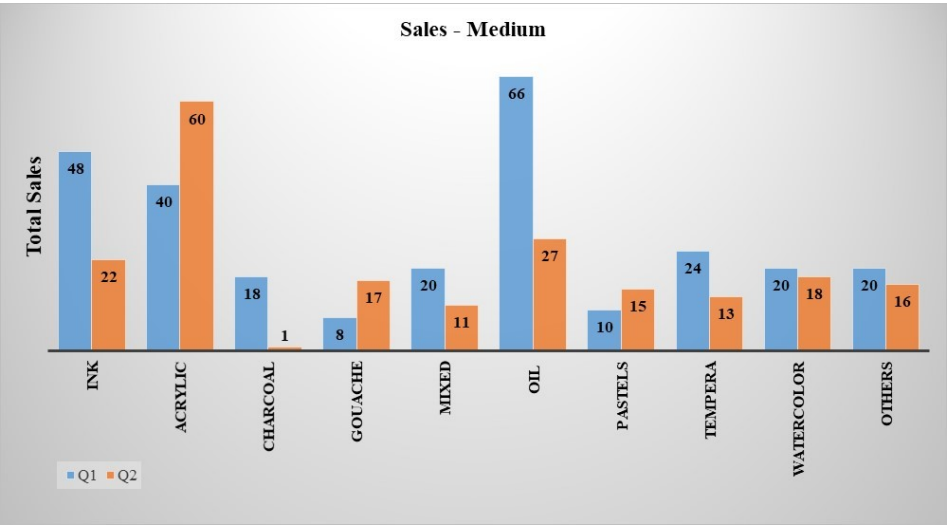


**Source:** Authors with data support from Aura Art

<sup>6</sup><https://www.livemint.com/economy/new-collectors-drive-indian-art-market-surge-says-christies-11689534185449.html>

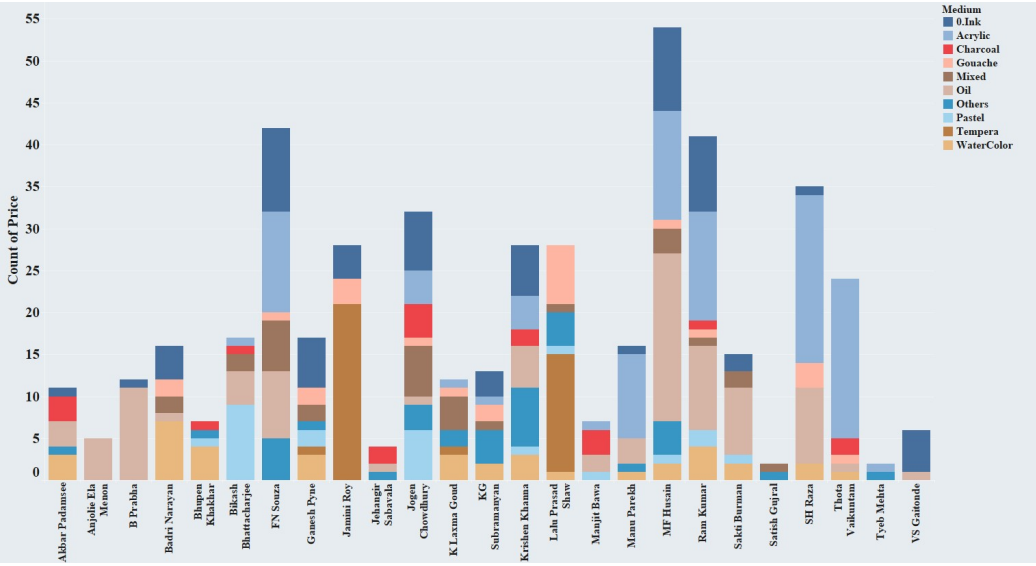
During Q1 2023, the majority of the 274 art sales across major auction houses were characterized by oil paintings (24%) with acrylics being the second highest (15%). However, in Q2 2023, the total sales decreased by 27% with the share of oil paintings auctioned accounting for 14%, while the sales of acrylics being 30%.

Figure 2: Art Medium - Sales



*Source:* Authors with data support from Aura Art

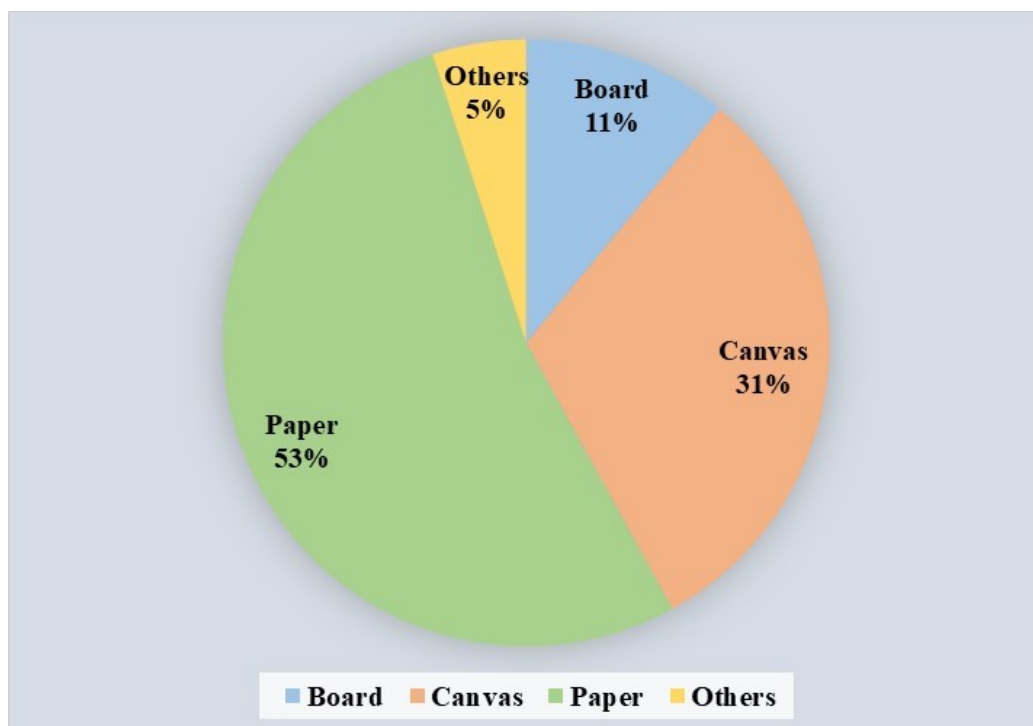
Figure 3: Art Medium - Artists



*Source:* Authors with data support from Aura Art

For the first half of 2023, the highest number of sales made at hammer prices was at Astaguru. Although the most valuable art, estimated at Rs. 47.5 crores(V.S. Gaitonde), was sold by Saffronart in Q1.

Figure 4: Base Used by the Artists - H1 2023



**Source:** Authors with data support from Aura Art

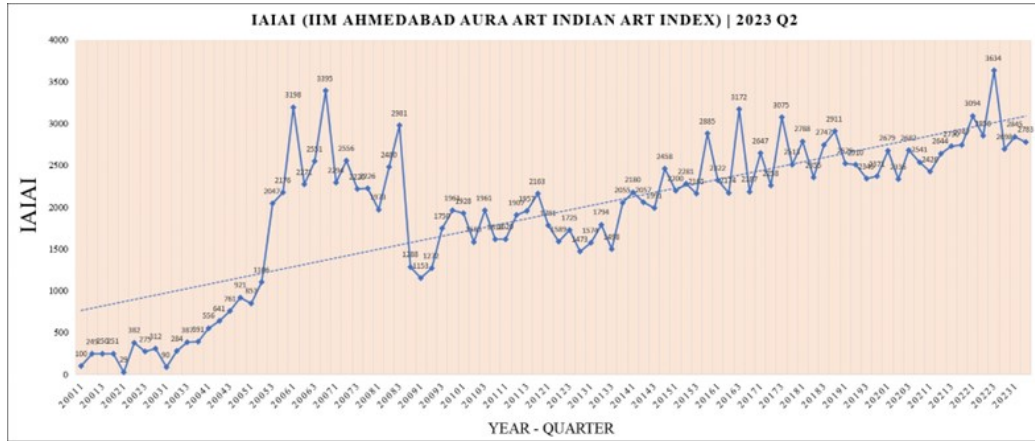
**Note:** The data focuses on top 25 artists included in the IAIAI

### 3 The IIMA-Aura Art Price Index – 2023 Q2

The recently published data, a collaborative effort between IIMA and Aura Art, provides valuable insights into the first two quarters of 2023. Following a period of decline in Q4 2022, the index experienced a notable upswing, registering an approximate increase of 5.4% ( to 2,845) in Q1 2023 but disciplined to 2,783 in Q2 2023. Although there has been a secular uptrend in IAIAI in the trailing decade, the index lay below the trend line in 2023 so far. It is noteworthy that art prices in India exhibit a seasonal pattern, with peak levels typically occurring during the second half of the year when major auction houses schedule their prominent events. Based on a comprehensive

analysis of historical data and seasonality, Q2 prices generally demonstrate a subdued trajectory. For example, If IAIAI is 100 in Q1, on average, it would fall to 99 in Q2 before rebounding in Q3 (107) and Q4 (107). After witnessing a significant increase of 15% observed in 2022 the CAGR has been around 4% in the recent two years.

Figure 5: IAIAI



**Source:** Authors with data support from Aura Art

Comparing 2022 - 2023Q2 with 2001-2022, some notable movements include Satish Gujral, ascending from the 20th to the 15th position, while Lalu Prasad Shaw slipped by 4 places to 22nd. Furthermore, on comparison of the mediums ranking, acrylic and ink experienced a decline of 4 places to 6th and 8th position respectively, whereas tempera and gouache rose to rank 2 & 3 respectively (previously 5 & 6). V.S. Gaitonde, Tyeb Mehta, Ganesh Pyne, and Bhupen Khakhar continue to remain among the top 4 artists.



**About:**

Launched in November 2022, the IIMA-AuraArt Indian Art (Price) Index (IAIAI) is a quarterly index that tracks the price movement of constant-quality modern art (paintings) by Indian artists through auctions. It specifically focuses on the top 25 artists and utilizes a data-driven methodology to analyze price variations over a 20-year period. IAIAI provides valuable information for art enthusiasts, financiers, insurers, and other stakeholders, enabling them to calculate the percentage change in the market price of art-works over time.

For further details, visit: <https://www.iima.ac.in/faculty-research/centers/Misra-Centre-for-Financial-Markets-and-Economy/iaiai>

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