

Long strokes: ET Art Index gets moving on price trail

CONTEMPORARY Indian art seems to be heading for new frontiers. In the recent past, top Indian artists have fetched high prices at auction houses. Amrita Shergil's 'Village', fetching a record Rs 6.9 crore recently, in a local auction is one case in point. The prices fetched by artists such as Tyeb Mehta, MF Husain, SH Raza, VS Gaitonde, Akbar Padamsee have vaulted in the past three years, almost in tandem with the boom in the stock market.

Can art be looked at as an asset class like equities, gold, debt or real estate, an investing mind may ask. A difficult question to answer, since there is no credible system to track art prices. With increased interest in Indian art and new art funds slated to be launched in the country, the need for a quantitative evaluation, of the movement of art prices is imperative.

ET in partnership with Osian's — Connoisseurs of Art, India's premier auction house and archive, has ventured for the first time to construct an Art index. The ET Art Index, powered by Osian's, would be the first of its kind to attempt to report objectively the trends in Indian art prices. The Art Index, comprising the top 51 contemporary Indian artists, would track art prices globally for such artists. The traded values of these 51 artists comprise 81% of the organised market of Rs 250 crore.

While the ET Art index, like any other index, isn't in the business of recommending top artists for investment purposes, it also makes a genuine attempt to develop mechanisms for transparency and full price discovery. Construction of an index has been an complex task for us but well worth it. The infrastructure built for the index would probably help build models for funding and insurance. Art fund managers also would soon have a genuine benchmarking system to measure their fund performance.

More importantly, the investors and our readers would have access to a credible source, for evaluating performances of art prices and trends. In keeping with the best practices, only audited transactions were considered. This not only eliminates chances of under quoting/over quoting, but also promotes a cheque-dominated payment system in future.

The total organised art market is roughly Rs 250 crore. In the past three years, there has been a boom in financial valuations with many art works fetching more than Rs 1 crore. While the art connoisseurs justify the current high prices by attributing it to market maturity, cynics look at it as a bubble built on fancy. With the soon to be launched ET Art Index, ET readers would soon have a quantitative tool to track performance of art prices and make their own judgements. The ET Art index will be launched on 23 March and henceforth, index values would be made available every fortnight on Tuesdays in our stock page.