

# Growth of Art Auction Houses in India in the Last Decade

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## Abstract

Art Auction Houses are companies that allow the buying and selling of sought-after art pieces and collectibles. Today, the popularity of auction houses is growing at an extraordinary speed all over the world. There are a plethora of reasons for this fast growth. Some of these are access to popular and desired artworks, transparency in demand and pricing, and a simple purchasing process. In the last decade, India has seen unparalleled growth in art auction houses with a rise of about 265%. In addition to the boom in sales, the prices of the artworks have almost doubled.

**Keywords:** Art, Auction Houses, India, growth, prices

## Literature

The literature has identified the rising popularity of Auction Houses in India and the overall growth of the art market in this country. It talks about the development of the Indian art market as a new platform that does not require patronage like the olden times. It says that in the past decade, through globalization and awareness, there has been a radical shift in the mindset of art collectors and investors who are now focusing on Eastern art and Indian art instead of European and Western Art (Rani, 2010). In addition to this, it has demonstrated that the past decade or so witnessed the birth of an extensive art ecosystem in India in response to rising demand for modern and contemporary art, despite the lack of government support and high overall transaction costs (Vermeulen, F. and Bhat, S., 2023). The principal reasons for the massive growth of contemporary art are clear: the opening of the economy, the freedom given to both resident and non-resident Indians to compete in a global market, and the ease with which paintings can be bought and sold, imported and exported. However, even though contemporary art has risen at a rapid speed over the past ten years, the trade in antiquities in India remains corrupt and operates largely on unaccounted cash transactions (Ahuja, N.P., 2008).

The literature has also ascertained the process of determining the correct prices for artworks and other collectibles as well as the risk-return characteristic of investing in art pieces. It examines the price dynamics of online art auctions of modern Indian art using functional data analysis and has identified several essential factors. Some of these are the artist characteristics (established or emerging artist; prior sales history), art characteristics (size; painting medium—canvas or paper), competition characteristics (current number of bidders; current number of bids), and auction design characteristics (opening bid; position of the lot in the auction). Each of these factors is responsible for determining the price of artworks and explaining the dynamics of price movement in an online art auction (Reddy, S.K. and Dass, M., 2006). It has also studied the performance and risk-return characteristics of one of three major emerging art

markets, that is, India. According to three national art market indices, built by hedonic regressions based on auction sales prices, the geometric annual returns is 42.20% in India (Kraeussl, R. and Logher, R., 2010).

My research is based on the growth of art auction houses in India in the last decade. Through secondary research, I will identify the rate of growth, the reasons for the same, and the chief auction houses that have contributed to this extraordinary growth. The literature speaks about the rising popularity of contemporary art in India and its price dynamics. I wish to elaborate on these themes and contribute to the present literature.

### **Methods**

I will be conducting secondary research to gain further knowledge about the recent upsurge in the prevalence of auction houses in India and the demand for Indian art in the global market. I will be doing this by going through all the research that has been done in this field and compiling it to produce a comprehensive report on art auction houses in India.

### **Results**

According to the resources, it was in the 1990s when Indian Art first emerged on the global scene and both modern and contemporary Indian art were showcased at international auctions like Sotheby's and Christie's. Then in the early 2000s marketing and buying of art became more resilient and mature. An important reason for this was the increase in the publication of research papers and research based books which helped increase consumer awareness. Following this period of boom the Indian art market suddenly experienced a downfall in 2008. Again in 2013, sales started growing and the Indian Art market has been growing at a rapid pace ever since.

All resources have pointed out the fact that the Indian Art Market as a whole has grown rapidly in the last ten years. This includes a rise in sales as well as the valuation of the artworks as well. After witnessing a sudden dip in the early 2000s, the market started growing in about 2013. According to 'Artzolo', "Between 2000 and 2007, the Indian art market grew at an unprecedented scale with the market size growing from \$5 million to \$350 million. Several of the Indian artists' works were sold for more than \$1 million." An important reason for this rise in the prices of Indian art is its increasing popularity in the international market. A variety of steps have been taken to propagate Indian modern and contemporary art.

Some sources have said that auction houses are responsible for this expansion of Indian contemporary art. This is primarily due to the emergence of a new category of Indian collectors in the last ten years. Data from 'Indian Art Investor', an art market advisory in Delhi, showed that nearly 60% of the artworks sold in March 2023 surpassed their expected price. For instance, in March 2023, Saffronart, Mumbai, sold V. S. Gaitonde's "Untitled" at an exceptional price, that is, Rs. 47.5 crores (\$5.79 million) making it the second most expensive sold by an Indian painter globally and second highest price received by an artist internationally. However, V. S. Gaitonde is not the only Indian artist to witness the unprecedented rise in the price of his art. The CEO of Delhi Art Gallery said that the Indian art market has grown by about 600 times in the last three decades making it worth Rs. 3,000 crores (\$400 million).

Data has revealed that the Indian art market has been at an all-time high since the time of the COVID-19 pandemic. According to the reports by the founder of Indian Art Investor, Arvind Vijay Modi, the mean auction estimates from the financial year 2023 stood at \$93.1 million. The market recorded a positive deviation of 55% from its mean estimate with a turnover of \$144.3 million. He mentioned that every year is witnessing new records, rising volume, and increasing sales turnover. All these factors distinctly indicate buoyancy and positive sentiment in the Indian art market.

### Conclusion

The Indian art market has become extremely popular in the last few years. The sales have gone up in both the domestic as well international market. Both the literature and the data clearly show that auction houses have been responsible for this unparalleled growth of modern and contemporary Indian Art. Several leading auction houses in India like Astaguru, SaffronArt, and Pundole's have led to the unprecedented rise in the valuation of Indian art.

### Limitations

This study has some limitations. One limitation of the research study is that it is only based on secondary data. According to the extent of my research, I anticipated that utilizing merely secondary data would help me reach the results.

### References

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