

insight

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With two consecutive Saffronart auctions 100% sold and records broken yet again, there remains a sense of unease about the dizzying growth of the market for modern and contemporary Indian art.

While economists and hedge fund managers explain it in terms of demand and supply, collectors cannot fathom why this mismatch has occurred at the present time. "A newly acquisitive middle class plus a limited supply of canvases equals boom times," suggests Susan Adams in her article for **Forbes** magazine, "Indian Summer".

We all know that the Indian middle classes are too busy buying cars and homes to worry about art. As for a limited number of canvases, we ask: just how limited are they? Tyeb Mehta may not be a prolific artist, yet his paintings are no more 'rare' today than they were a decade ago. This is in part because his works are in private collections, and not stashed away in the basements of museums. Christie's almost always have a Tyeb Mehta in their auctions and both Saffronart and Osian's had works by him in their December sales. We are also aware of works that have been privately sold. Chances are that as prices for Mehta's works rise, more works will emerge for sale.

VS Gaitonde, who stopped working for a period of his career, is no longer alive, and this explains why works by the artist are a little harder to find. On the other hand, paintings by MF Husain and Ram Kumar, who command some of the top prices, are plentiful. If there were any doubt on this score, one had only to visit

the Jehangir Art Gallery in Bombay last month, where works by the two artists were on display as part of a loan exhibition. Sourced locally from private collections, and organized by a commercial gallery, scores of paintings hung cheek by jowl as they would in a crowded auction room.

To take another instance, FN Souza's Estate in New York has a large body of the artist's work, and paintings seem to crop up in British regional auctions frequently. The Drouot in Paris have had at least a dozen paintings by SH Raza in the past three months, and the occasional lot appears at Doyle or Heffel in North America. Akbar Padamsee, another hot seller, whose **Serial Image** from 2005 made half a million dollars at Saffronart, has set a precedent by selling his works directly through auction houses.

In the western art world, one can gauge if works by established artists are truly scarce. For one, there exist exhibition catalogues and catalogue raisonnés that document the whereabouts of seminal works, the majority of which tend to be in museums and not in private hands. While attempts have been made to publish scholarly works on modern and contemporary Indian art, in many cases poor research is cloaked in seemingly-erudite-but-unintelligible writing. In the latest tome on Tyeb Mehta, for instance, at least two of the illustrated paintings,

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Amrita Jhaveri (left)
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both part of the same private collection, bear incorrect dates.

If rarity is not the issue, then, and if it is generally agreed that the middle classes are not the main drivers of the modern and contemporary Indian art market, what – or who – is driving it? No longer just the Non-Resident-Indian collector, it is speculators, art funds, and the auction process itself, which has all but replaced the gallery as the preferred way to buy and sell contemporary Indian art.

That speculators are rife is obvious from the recent Saffronart Winter 2005 catalogue, where more than a dozen of the most important works on offer had been publicly sold in the recent past. Indian art is caught in a spin, more than ever leading to a serious case of déjà vu. A good example from the Saffronart sale is the 1969 Ram Kumar (lot 36). The painting had already been sold three times by Sotheby's since 1997. In fact, several of the lots in the auction were bought in 2004 at either Christie's or Sotheby's, leading to rumours in the market that an art fund was liquidating assets.

At last count, there were about 10 art funds under consideration, almost all based in India and eager to buy up 'blue-chip' art. Slowly but surely they are getting off the ground, the latest being The Art Club, which is a trust. In addition, wealth management firms are using art as a point of conversation with their newly rich Indian clients. All this money may seem like great news for an art market on the rise, but when the funds come to sell, will enough collectors buy art at still

higher prices?

Speculators and art funds need an 'exchange' and this is where the auction house comes into its own. Its complete dominance is inversely proportionate to the chronic weakness of the Indian gallery. Christie's and Sotheby's have all but absorbed the main galleries in India by appointing them as consultants. A highly unusual arrangement, this limits competition and guarantees a steady supply of art to both houses. It is no coincidence that the highest prices achieved at auction are for a stable of artists represented by the two galleries.

Today, galleries in India have little control over artists and fewer obligations to collectors. Their main purpose is to buy up shows, and release occasionally a work or two at auction in the hope that higher prices will be established. This creates an artificial scarcity and drives up prices. Collectors find it extremely challenging to operate in this environment and many are frustrated by the lack of opportunities. Paintings from exhibitions are reserved for the gallery owner's private collection, consigned to an auction house, committed to a fund, or given to an investor whose sole concern is the signature on the canvas and the price per square inch.

While some senior artists are aggravated by this state of affairs, younger artists are enjoying the upswing, unmindful of the consequences. Prices of their works have risen so quickly at auction that they are now too expensive for new collectors. This limits the audience for their work and affects their long-term careers. Take the

case of Shibu Natesan or Jagannath Panda. Neither artist is represented in two recent major exhibitions of younger Indian artists (Asia Society, New York, and École Nationale Supérieure des Beaux-Arts, Paris). However, both are currently selling for the same prices as Subodh Gupta, an artist whose works have been included in the Venice Biennale and the Frieze Art Fair in London.

The situation with younger artists threatens to worsen as Christie's revert to their controversial 1995 policy of approaching artists directly and commissioning works for auction. Saffronart too plan to hold an auction of younger artists. In fact, their latest auction had a little over 50 works (or 25% of the lots) devoted to younger artists, some sourced directly from the artists themselves. Nataraj Sharma's ironically titled **Fat, Fucked and Forty** sold at auction last year for \$12,000, reappeared this year to make four times its estimate at \$62,700. His nightmare may well come true!

With many dealers working in tandem, and some enjoying a cosy alliance with auction houses, new collectors should be vigilant, as conflicts of interest will inevitably arise. Before buying, it is important to determine provenance and establish if the auction houses or their consultants/partners have a financial interest in the lots they are offering. (While this may not be obligatory in India, it is a regulatory requirement in the US.) As for scarcity, take it with a pinch or more of salt: auction houses and dealers face no scarcity at all.

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