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## To analyse and study art investment & its valuation

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**Abstract:** In today's day and age, art is no longer limited to museums and luxurious houses for people to showcase their wealth and accomplishments. Art now has a special significance as an investment. The features of art are also considered for increasing resale value. This paper discusses the most important factors for the valuation of art and various risks and considerations before investing. Financial returns can be calculated on the basis of various factors, such as artists' name and fame, quality of painting, growth potential, etc. There are several contemporary Indian artists like M.F. Husain, who have set a unique benchmark in the art industry and whose art has brought the trend of art investment. This paper discusses the potential of upcoming artists as well as the trend of investing in M.F. Husain's paintings.

**Keywords:** Art Investments, Art Significance, Valuation of Art, Financial returns, Growth potential, Contemporary Artists, Investment trends

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### INTRODUCTION

Art Investment is a relatively new concept in which works of art are treated as investments in the modern era. In this method, a work of art is purchased to achieve a positive return on investment later. Art investment is considered as just any other form of investment, like, real estate, mutual funds, gold, silver and other forms of investments. Art investment has gained a special presence in this world of financial crisis. There has been a lack of surety in investments on intangible assets (such as, new technologies, patents, brands, innovation, distribution systems, etc.) considering the downturn of the global economy. Hence, art investment may be a new hope in this world of financial crisis, especially in the art market.

Art has been the depiction of human emotions and intelligence in the form of paintings, designs or any product made for communicative or aesthetic purposes. Since its inception, art has always been aimed to create a message which will either generate wisdom among the upset or curious minds, or incite an unexpected consciousness in the hearts of viewers. Art has been studied in different ways because of its huge role in mankind. Some define art merely as a vintage point of aesthetics, while some bring it into an analytical level.

Ancient art has come a long way. As the name suggests, it was created in ancient civilisations, which date back to the middle ages. The cause of the creation is a major denominator of the works in this period. Adoration in the form of art, whether it was for a king, an event, or a deity, plays a huge part in a society's formation. Indian artists used to paint various sculptures and rock formations for thousands of years. Indian art is considered flamboyant and sexual because of India's diverse culture and its influence on the wide presence of "kamasutra" in the past. Indian art is also admired and appreciated for its cultural and traditional values.

Contemporary Indian artists have portrayed their emotions, philosophies, religion, and culture in their works of art. They have redefined Indian art in a whole new way. M.F. Hussain was one of the prime examples of contemporary artists in India who never looked back when it came to playing with various mediums of painting. He used a wide variety of paints like acrylics, water colours, and oil paints in his creations. Husain was an Indian painter best known for his brightly coloured works of depicting horses, Gandhi, Mother Teresa, the Ramayana, the Mahabharata, the British Raj, and motifs of Indian urban and rural life. He became popular for depicting horses and women in his paintings, especially at the onset of his career.

Hussain's arts were mostly inspired from Cubism and the Hindu culture. He was well regarded for creating the fusion of Indian folk art and Indian mythology, and his fascination for horses is always the selling point for his paintings. He considered horses as the symbol of freedom and grace. Hussain's Ideology was that women are the givers of love and life, thus painting them in his art works. He also had a true charm for some of the leading actresses in Bollywood like Tabu, Amrita Rao, and Madhuri Dixit. He painted every woman who was relevant to him, whether it was an actress, Hindu goddess, or Mother Teresa.

He was well regarded for his out-of-the-box creations, which often brought controversies. Known for his bold and straight-forward paintings, a great inspiration for art lovers. He covered all aspects of life as his paintings' subjects. He had his own, unique style of painting. Husain tried to add modern appeal to his simple paintings and never stopped himself to a specific theme, style or medium. His fond for calligraphy is also seen in glimpse in his paintings. He practiced his art of calligraphy in most of his paintings.

M.F. Hussain is one of the most popular contemporary artists in India. His global art circle is very broad. His multi-faceted and enigmatic style in paintings attracted lots of media attention and his vivid colours are adored by art lovers.

### **ANALYSIS OF OTHER ARTISTS**

Rabindranath Tagore's nephew, Abanindranath Tagore was the first artist who gave a twist to Indian paintings. He is regarded as the father of modern art in India. He urbanised Pan Asianism and Indian Nationalism, and redefined Asian styles at the same time. He founded many schools like renowned schools of art like The Bengal School of Art.

Francis Newton Souza is also well regarded for his unique and bold ideas which usually depicted highly personal and controversial subjects related to sex and religion. His paintings mainly included the sketches of Christianity, nudes, and still life. He created figurative paintings to show reality on purpose. His ideology can be clearly seen in his paintings and was always a radical painter. His works purposely pointed towards a message and always shocked art lovers. He used to bring people back to their real life and make them aware of their surroundings. His bold, egoistic, and rebellious nature is visible in his paintings. He believes it is important to confront the destructive aspects of society which shouldn't be hidden from the society itself.

Amrita Shergill reflects her academic style in her paintings. She started representing and experimenting with the non-western ideology in her creations. Her paintings were mostly influenced by Paul Gauguin, a French artist known for post-impressionism and primitivism art styles. Her art always reflected the rural parts of India. It also had deep European influence to describe rural India using vivid colours and abstract style. She showed the tangible distance of the figures and used dark tones in the background. She painted a South Indian trilogy during her voyage to South India – South Indian villagers heading to market, the Brahmacharis, and Brides toilette.

She was fascinated by white and red colours in her paintings. She uses vivid, vibrant, glowing, and intense colour schemes in her paintings. The use of the colours white is very common in most of her compositions. She believes that colours adds life to the blank canvas and a lot of drama to her paintings.

Tyeb Mehta's an artist known for his violently distorted figures. Figures are often associated with some kind of deformation in most of his paintings. The figures in his paintings are either involved in violent acts or the victim of violent acts. He uses the framework of mythological metaphors in his works. Hence, the figures are usually found elevated to an imaginary realm where violence was found to be for good, as an act of salvation or ultimate sacrifice. He displays demands for sympathy and anguish from his protagonist.

Bhupen Khakkar is well regarded as a free-spirited personality who never followed society rules and never shunned away from presenting his views. Whether it was his homosexuality or social sectarianism, he always presented the same in his art. You can see the true sides of the personas of his life-like figures. He used to sketch when visiting pilgrims, towns, and small villages, or even while daydreaming in his studio or at home. He portrays his weaknesses in the best way possible with ultimate directness and simplicity

There are several aspects considered when it comes to valuation of a painting. There is no specific feature to define the overall value of an art. There are exceptions when one feature given more attention than others, though. But the purpose of valuation of retail replacement, auction estimate, or fair market value of an artefact cannot be the determining factor. The valuation consists of different factors such as artists, authenticity, market actors, art experts, artist name, complexity, material used, age of an artwork, etc.

Since the death of M.F. Hussain, many trends in art investment have emerged with the new generation of art collectors and investors. Native Indians and the Diaspora moved to the affordable segment. Finding contemporary artists has never been so easy in the era of the internet. There are many websites showcasing the art of younger talents and marketing their work aggressively on social media. Along with experienced collectors, first-time buyers are also interested in these artworks who are ready to spend their income on acquiring the art, along with their wealth. This new segment consists of company executives, entrepreneurs, and professionals like lawyers and doctors. A huge number of the youth population aged 20 to 40 years is influenced by art and are going to art galleries, festivals, and exhibitions to participate and invest in the original artwork.

Considering the increasing interest of millennials in art, India has continued to be the hub for commercial art galleries in South Asia. Mumbai has over 24% of art galleries in India and New Delhi has over 40% of them in India. Over the past decade, the art gallery domain in India has significantly increased its reach. In this day and age, the internet has become a game changer with increasing focus on online art sales. Lack of contacts and finances have turned traditional art galleries into online art platforms.

The private/corporate patronage is also rising with the growth of the virtual art industry. Gone are the days when companies had to rely only on art galleries for associations. Nowadays, corporate sponsors are playing a vital role in art programs and events in the industry. Organisations can easily gain recognition by sponsoring those cultural and art events among millions of art lovers. They can easily tap on the newer markets by driving engagements with their CSR initiatives.

This paper is aimed to explain the importance of art investment and its trends, especially after the death of M.F. Hussain. Along with it, special attention will be given to the valuation of paintings after an artist's death. Moreover, a methodology will be discussed to estimate the value of paintings and rates of return from investment in an art.

### LITERATURE REVIEW

Belma Öztürkcal and Aslı Togan-Eğrican (2019) analyse the sales data of art auction in the long term which with focuses focus on financial crisis with other options for investment, whether art is considered safe during hedging or volatile periods. Their findings suggest the returns on investment in Turkish art and whether they correlate positively or negatively with other options like the equity market. According to them, art can be a hedging system to reduce the portfolio risk and to boost returns and diversification. But the safe-haven hypothesis can never be discarded. (What does this mean?) Despite having limited data on auction in the period of coronavirus or which crisis? crisis, the art returns around the crisis period come up with positive correlation between several volatility indicators. After the period of crisis, art investment also witnesses a significant boon. It may be showing liquidity needs for some investors and buyers can easily find the opportunity. Over the years, the benefit can be easily seen and it doesn't end with extreme crises. Especially in the European and American markets, there have been constant discussions about art investment over the past few years. Physical assets like paintings can be the secure option during unstable periods to keep the wealth of investors.

Raya Mamarbachi et al (2008) discuss the trend of art investment in their paper. Art is being considered in portfolios for diversification as an alternative asset class. As appreciation in price defies all logic, the low correlation of art with desirable risk/reward ratio and equities market makes a great investment option. The illiquidity, irrationality, and volatility in the art market are some of the reasons why it is difficult to compare it with more conventional options. This paper will focus on the way art is treated in the asset category by the investors and how it is compared to bonds and equities. The art is being considered as an alternative investment. Along with the expression of ideals and aesthetic value, art is also appreciated as an investment. Over the past decade, there has been a significant growth in the art market in the UK. This trend has been followed for several years. Art investment has gained a great international attention. With over \$30 billion of annual turnover, art has become a \$3 trillion industry. It has its indexes to keep track of performance.

Bruno S. Frey and Reiner Eichenberger (1995) surveyed over twenty studies to estimate the rates of ROI in individual paintings and entire collections and figured out different approaches for the movement of art pieces. They found lower returns in art objects in most of the estimates than in financial assets. However, most important analyses neglected taxation and transaction cost and was limited to auction information. They focused only on artificial calculations and disregarded the behavioural and institutional values of art markets. They focused on the possibilities to estimate psychic returns and tap into the market by having an art piece. The returns on art objects are still the matter of concern for economists for several years. The interest usually grows from the beliefs of laymen that there is a huge profit in the art market as compared to traditional fiscal markets, especially when investors have all the information. The media nourished this belief which predicted that there is a significant rise in the overall price of art pieces auctioned in the 1980s and higher prices paid for art pieces by Picasso, van Gogh, and Renoir.

According to J Aznar and F Guijarro (2016), the economic valuation of an art is a vital aspect. The explanatory power of straight quantifiable and observable variables is too low as compared to other areas of valuation. Hence, valuation can be achieved with aesthetic appeal with a higher explanatory power. These aesthetic criteria are not accurate as always and they are usually expressed by the experts as an interval of values. This paper explains various valuation models which consist of optimisation of goal programming to have explanatory variables as intervals of values in the closing price. The authors also found the chance that experts can analyse the relevance as per the degree of precision. The economic valuation of an art work varies from other assets. The works of art can be valued with aesthetic criteria to a great extent. Observable data is enough for the valuation of a property, such as number of rooms, bathrooms, surface area, etc. All such variables can be defined quantitatively and are objective. In case of paintings, an expert can apply only a few quantitative variables to a group of paintings, such as author's reputation, painting's surface area, painter's nationality and age, technique use, subject matter, kind of art, and time of death of the painter.

David Throsby and Anita Zednik (2014) found some empirical evidence on the cultural and economic value of the paintings. There has been a long-standing debate in the economics of culture and art with the theory of value or adequacy in economics to gather a complete insight into cultural phenomena. A different form of value is resulted by or embodied in cultural services and goods which are based on the economic value of goods. The cultural value is somehow similar to the concepts of valuation of art works in terms of philosophy and aesthetics of art. Despite the fact that one can propose the parallel existence of cultural and economic value, there is still a lack of evidence that can support the proposition to explore the common bound in between. In this paper, the authors explore whether the economic assessment captures all the edges of cultural value or there are some

components resistant to financial evaluation. It is also possible to find out whether it is possible to know some aspects of collective or individualistic value.

John Picard Stein (1977) studies and quantifies the financial appreciation of paintings over time in his paper. In the 1950s and 60s, the rate of return on art investment was believed to be far better than the rate of return from financial assets which involve certain market risks. Paintings are very economic items in different ways. They are durable financial assets and durable consumer goods at once. When the paintings of deceased artists are taken, there is non-augmentable supply. The values can be ranging from a few dollars to millions of dollars and they are highly heterogeneous. They are public properties in museums and they can be viewed it all times. The demand determines the appreciation of price in future and the expected appreciation is the indicator of demand of these speculative items. All in all, paintings are the "collector goods" and they also call for attention. The main hurdle in making informed decisions is the deficiency of a reliable means when it comes to evaluate the overall rise in the price of artwork.

Douglas Hodgson (2009) analyses the returns and pricing in the French Canadian painting market. The French Canadian paintings can be valued empirically. In this paper, hedonic regressions are used with auction price samples for the leading French Canadian artists from 1968 to 2005 to figure out the influence of factors like identity of the painter on auction values and to come up with a market price index. Later on, it is used in the later analysis of the specifics of these pieces as the assets for investment. In the earliest history of St. Lawrence Valley during the European settlement and exploration, it was originally the French territory, which is in Canada. In 1534, the French explorers sailed the St. Lawrence River up and colonisation was being done by the end of 16th century, with the establishment of New France. As Roman Catholic was the religion of the colony, painters would be required to provide devotional pictures to decorate churches. The French ecclesiastics were the first painters of Canada who came here. The trend of Canadian French painting extended well.

Karen Sullivan & Sally Butler (2017) explain how the value of paintings skyrockets in terms of prestige and value when their artists die. One of the main reasons is the fact that they will no longer be able to create more artworks. But it is not the only cause behind the skyrocketing value of the paintings. According to a recent study, the artworks are considered more agentive by the viewers after the death of the artist. A painter's works were compared in a study before her death and when she died in the year 2011. There were less agentive roles in the later descriptions in the clauses and her works had more agentive roles. The works of legendary painters are well-revered for several reasons, such as their aesthetic greatness, unique techniques, and historical values. According to the current study, older artworks have come out to be very powerful because of the death of an artist. The deceased and living artists are described in a different way. This study shows the quantitative evaluation of an artwork. The descriptions give less active, agentive, and causal roles after the death of an artist.

Sourabh Ghosh (2019) studies the valuation of miniature paintings as an investment in India. Over the past decade, the efficiency of information in financial markets of India has significantly increased. Hence, there are fewer cues of weird behaviours in stocks and there are also fewer chances in getting unusually high returns. All these factors have made investors curious about newer asset classes where there are chances of getting very high returns. Antiques and paintings have become the hottest favourite asset classes for investors. But only a small category of investors have deep knowledge of valuation and pricing of paintings and understandings of such markets. This paper discusses the background of the fastest-growing art market in the world. It focuses on the development and structure of the markets in India and the world and figures out the opportunities and challenges they have. There is also an attempt to further explore whether art is an investment or a domain where several prospects and risks are involved. This paper also discusses the strategies and principles of art investment. The latest sales and auction data have been used to analyse the prospects and performances of the art market and performances of artists in India. Researchers have to pay special attention to the field of miniature paintings and antiquities to fill a huge information gap in the current world.

#### **RESEARCH AIM**

- Is M.F. Hussain Paintings are in Trend after his Death?
- How to Find the Valuation of Paintings after Artist's Death?
- As compared to M.F. Hussain and upcoming artists, which will have more potential for investment in the future?

#### **RESEARCH OBJECTIVES**

- To Study the Trend of M.F. Hussain Paintings Now and Before Death 2011
- To Study Valuation of Paintings after Artist's Death
- To Study the Trend of Potential Returns in Investments between MF. Hussain's and other Potential investments

#### **METHODOLOGY**

In this paper, secondary data is used for research purposes and to meet the aim and objectives of this research. With secondary data, it can be simple to find the deficiencies and gaps in the collected sources and help researchers to figure out what additional information they need to collect. Simply put, it improves the overall understanding of the primary issue. In case of art investment, secondary data includes reputed news sources, censuses, organisational records, and other data collected from recognised government sources.

## **FINDINGS/DEVICES**

Are M.F. Husain Paintings in Trend after his Death?

Maqbool Fida Husain aka M.F. Husain was one of the most popular artists in India famed worldwide for his beautiful crafts in his lifetime. His paintings were so popular that he was titled by Forbes magazine as the “Picasso of India”. He was well regarded for modernising Indian art and he was among the founders of Bombay Progressive Artists’ Group. He also made a foray in photography, printmaking, and filmmaking during his fabulous career. He directed some of the films which achieved critical acclaim. His movie “Through the Eyes of a Painter” received a National Film Award under the category of Best Experimental Film. He also made “Meenaxi: A Tale of Three Cities” and “Gaja Gamini”. Meenaxi was screened at Cannes Film Festival 2004 and well appreciated. He became the best paid painter in India in 2008 when his painting was auctioned at Christie’s for a massive \$1.6 million. At Christie’s auction, one of his canvases was sold for over \$2 million. Qatar’s first lady, Sheikha Mozah Bint Nasser Al Missned, had commissioned him to create two paintings when he was living in Qatar – histories of Indian civilisation and Arab Civilisation. He was also commissioned for 32 paintings about the history of India in 2008. But only eight of those paintings were completed before his death.

The efforts of M.F. Hussain to give world recognition to Indian art by modernising it were really commendable and one of his iconic legacies. He went on to lead the world stage and succeeded as one of the legendary modern artists in India. His artwork “Voices” was sold for a whopping Rs. 18.47 Cr. recently in 2020 at an online auction. It fetched the highest price ever in a public domain as an artist’s work. Made in 1958, this 18 ft. 10 in. tall oil-on-canvas was featured at a private collection. At an Asta-Guru auction, it was auctioned for the first time along with 36 other works of art, such as jewellery, toys, and tapestry which were co-created and designed by Husain.

In this day and age, artists have become more independent for selling their pieces of art at their own price using online platforms. The art sector is going through leaps and bounds. With the rise of smartphones and the internet, it is time to adapt to artists and consumers to evolve with the growing demands and needs. Artists have a lot of opportunities to showcase their works through social media. Customers are looking for collaborative and interactive experiences online and they don’t want to go to any museum or art galleries. Modern customers have more options than before.

Earlier, art investment seemed to be more like a gambling instead of investment. But big-ticket auctions have helped sculpture and painting collectors create a lot of fame in the fine art market. In this day and age, it is easy to make serious returns with investment in expensive artwork. Like any other financial investment, art also needs deep market research. An investor has to observe the art valuation trends and art auction news passively. For a better idea of valuable artists and art pieces, it is viable to ask an art expert or curator who can provide inside information. As a general rule, the art of living artists get far lower value appraisal than those painted by the deceased artists with limited works associated with them. Hence, art created by the deceased artists or authors generally have higher value and gain value faster than the art which is made by modern artists.

When someone enters the art market and attends the auctions, they are often overwhelmed by the consultants and curators. They go to great heights to provide their knowledge about art and history to the art collectors. Due to this reason, most art buyers prefer less-intimidating online auctions. But art investment is still hard work because the buyer has to consider the complete influence of an artist beyond public image and media attention to generate a huge return on an artwork.

Despite all the buzz and growing trends, there is still a question – Is art investment worth all the research and efforts? It is wise to consider buying an art as an alternative investment. It can be a highly profitable deal for a savvy art buyer. But for a layman, a lot of market research and observation is needed to ensure that the art work they are buying would yield a significant return. Without research and knowledge, any type of investment is a dice roll. The international fine art market is much saturated to give unbelievable returns to the investors. Thorough research is needed on the cultural and historical significance of the art for making successful art purchases.

Art purchases should be considered as alternative investments and buying and selling valuable artwork should be done through a reputed advisor who can provide bidding and research. Simply put, art investment is not a get-rich-quick scheme. An artwork takes several years or decades to appreciate its value and fine art owners have to commit to several responsibilities. But art investment holds significant potential for financial rewards. Several artworks of deceased legendary artists like M.F. Husain and Blue-chip names like Picasso, Kusama, etc. are the

highest money makers in the international art industry. The key is to choose the potential artist who can create history before they do the same.

### **How to Find the Value of Paintings after Artist's Death?**

When an artist passes away, the value of an artwork may increase in some cases. It is especially true when an artist was already a famous personality when he was alive. Sometimes, it rarely happens when an artist is not so popular. Their death won't have any impact on the valuation of the painting. An artist can be judged only on the art they've left. Hence, the price of their art may fall or rise according to their popularity. In modern times, it is rare that an artist, who was totally undervalued in lifetime, suddenly gets fame after death. In the real world, there are many factors determining the value of art, i.e. from the reputation of an artist to existing market conditions and quality of an art.

### **Quality**

The innate characteristics of an art determine the overall retention of its value for a long time. High-quality art can easily retain and grow its value. As per the appreciation and change in taste of a generation, quality can be declined or enhanced (Prendergast, 2013). It is usually believed that an expert and reputed artist always creates good quality art. Hence, the price of an art of a veteran artist usually rises. But it is also true that poor presentation can also decline the value of an artwork from a popular artist. It is especially when a famous artist has been through tough times. At that period, their artworks may not be considered to be of top quality. At the end, it affects the value of a piece.

### **Condition**

The market value of an artwork depends upon its physical condition and features (Prendergast, 2013). Valuable objects are usually in excellent condition. An artwork which has been poorly restored or ruined with usual wear and tear don't retain their market value (USPAP, 2012). The better the condition of an art, the higher the value it would claim, but it is not the only factor. If an artist is famous, even the poorly maintained artwork can get higher value (Meartomads, 2017). A highly skilled restorer is required to retain the excellent condition of an art.

### **Reputation of an artist**

An artist's authorship means a lot to the valuation of an artwork. There are chances that the value of an artwork will be declined in the market if it is not created by a famous artist. If a renowned craftsman or artist creates an art, or the art was designed by a popular maker, it will gather more value. Works with signatures are highly valued (USPAP, 2012). To identify the artist or maker of an artefact or artwork, an expert is required.

### **Age**

Whether an art is ancient or modern is another factor to determine the value. It is important to know whether an art was made during a certain period. For example, there are two pots of the same design and size. One pot was just bought from the market, while another was made centuries ago. Anyone can tell which pot is highly valuable.

### **Origin**

It is one of the most difficult factors to determine the value of an art, but it is equally important. Origin means the history behind any object. The origin of an art can be defined by the places that an art has been through and the number of people who passed it on from generation to generation (Prendergast, 2013). This factor helps figure out the authenticity of a piece of art. Along with the owner of an art, the provenance also includes the place where the art was stored, who held the auction or sale in the past, and the places where the art was kept for display. If an art was kept by a famous dealer, it drastically increases its market value. Provenance or origin of an object comes from the law of contagion (Newman and Bloom, 2011). It is believed that objects have special essence and quality with physical contacts. For example, a jersey would be sold in millions if a famous footballer just wore it.

### **Rarity**

A very rare art may seek higher value, even with having many flaws and poor condition. It all depends upon demand and supply. The rarer the art, the higher the value it will get in the market, as the market is focused on the rule of demand and supply (USPAP, 2012). Sometimes, the rarity of an art also declines in value, especially when it is not easy to trace its history and sales (Prendergast, 2013).

### **Size**

The demand and appeal of an artwork can also be affected with its size. Some smaller artworks have higher value than those of some large artworks or paintings, even when artists are the same (USPAP, 2012). A valuer should know the details about the region, country, period, and type of casting on an artwork.

### **Market Trends/Fashion**

The art is also valued as per the changes in fashion and taste of art buyers and collectors, and generation gap is one of the main reasons behind. To predict the value of an art precisely, a valuer should know the pattern of collection and tastes of art buyers very well. Hence, the collectors and valuers shouldn't fall for the escalating prices and trends in art markets, as they are also subject to change as per the economic conditions, (Prendergast, 2013). The valuer should know the high risk/reward market and adjust the information accordingly.

### **Authenticity**

It is well regarded as an innate feature of an art and it plays a vital role in appreciation of value. But there are some qualities that should be determined with great knowledge and precision about the origin (Bogdanova, 2011). The concept of uniqueness determines the authenticity of an art (Lowenthal, 1992 and Attfield, 2000). There are a few different goals that define the originality of an art, such as faithfulness of an art to original materials or objects, to individual objectives, and to its contexts. Fakes, reproductions, copying, and restoration affect the authenticity of art (Bogdanova, 2011). A valuer should conduct various aesthetic, scientific, and intellectual tests with their skills and knowledge to identify the fake items. Origins of an art are also the matter of scarceness. Novel artworks are great and scarce items (Newman and Bloom, 2011). Hence, scarcity is a very important factor behind the valuation of a piece of art.

### **What does History tell about the Future of Art Investment?**

Art has always been a medium for anyone to show off their prestige and wealth. Almost every artist who could sell their work turned out by the great art academics, and the display and sale of an art was managed by those institutions. In 1674, The Stockholm Auction House was the first which realised the financial potential of artists and their work. In 1744, Sotheby's auction house made an entry and then Christie's in 1766. All of these auction houses are still doing well with almost the same kind of operations since inception. But the approaches and the trend in the art industry have come a long way.

In India, M. F. Husain was probably the first who set the trend to go beyond one style or medium. His artistic achievements have set many benchmarks and he earned both fame and controversies. He worked through all the mediums and he tried his hands on various ideas, techniques, and theories. He earned immense fortune and global recognition out of his revolutionary artistic achievements. He became one of the legendary artists of the 21st century. From the pre-independence era and Nehruvian decades to post-independence, he got his inspiration from various stages of India. His work successfully maintained a relationship with national identity, people's consciousness, and challenges in art practice with ever-shifting dynamics in modern art.

Even after his death, he is alive in his artworks and techniques he left behind even in this world of latest technologies like virtual reality, augmented reality, and artificial intelligence. It's time for people to understand how the fusion of art and technology will influence art investment (Jacqueline O'Neill, 2019).

Masters of the art and renowned contemporary artists have different perceptions towards the art industry. The art of some of the legendary artists, like Husain, Raza, V.S. Gaitonde, Tyeb Mehta, and Amrita Shergill, are auctioned for crores and feature in leading auctions. On the other side, contemporary artists have value and price longevity for over a decade or so. Leading upcoming and contemporary artists use various materials, latest techniques, and media to create artworks that can be experienced as sculptures and hung on the wall. But sculptures and paintings are considered as expensive investments in India and often perceived to be something for the rich.

Art investment has a huge potential, especially in a fastest-developing economy like India. By investing in the works of leading artists, one can have limited downsides but a decent return in the long term. But the risk is relatively higher when investing in the works of upcoming artists, but profit expectancy is also on the high side (Govind Dhar, 2012). Looking towards the future, here are some of the emerging trends of art investment –

#### **Trend 1 – Art Investment to be a driving factor to make money along with obsession of an art collector**

Some people own art to showcase their wealth and image but some people own it to make wealth. In this day and age, art is perceived as just another investment and a financial product. The landscape of art investment is evolving day by day with the increasing number of people interested in this domain. Accessing the art market has never been so easy. Anyone can own shares in expensive pieces of art, rather than buying an entire work, thanks to fractional ownership and tokenisation.

The blockchain apps have made it easier to find, view, and invest in art these days. People can easily tap on the art market themselves and invest any amount they can afford. This trend is going to change the scenario of art investment drastically. It will ensure significant growth in people with growing commoditisation in art.

#### **Trend 2 – Investors will still look for socially valid arts**

This trend will remain the same because art has a great social value as an investment. Investing in a Picasso painting is more than just about the satisfaction of looking at it or the monetary value. It is also related to the type of person who owns it. Art lovers know when a certain piece of art will get attention, whether it's due to their radical nature or beauty. A painting may not have the value at the moment it was created or not considered as a valuable investment, but would be different one or few decades later. These days, many artists are using the latest technologies that can be as revolutionary as Husain's paintings several decades ago. Every art which seems unreal and strange in the beginning may become expensive with scarcity and change in taste later on.

**Trend 3** – Forward-thinking investors to look for new technologies and mediums to make the most of their investments

There is nothing like “day trading” in art investment. One cannot just invest today and make profit tomorrow. There is no one who can easily predict when a revolution will happen and what will be highly expensive in future. Without proper research and knowledge, art investment may not yield a better value. Artists pushed their boundaries in the past to achieve the fame they have today. Modern and upcoming artists are also following their ancestors' path, but with a different intent and approach. It's not easy to say whether modern artists would be the leading names around 10 years later.

One thing which is true for sure is that an average person can use modern technologies to invest in art which may be more profitable and valuable in future. It is definitely the right time to look for new options and diversify portfolio for any art investor who is interested today (Jacqueline O'Neill, 2019).

## CONCLUSION

There is a great potential in Indian art industry. Contemporary art is the new trend in India with increasing sales and a diversified base of buyers and art collectors. This buyer base consists of mostly millennials who are more influenced by international art galleries and museums. Online mediums are also emerging with the changing dynamics in the art industry. In visual arts, the internet will keep transforming the way of communications. Dealers, artists, buyers, and sellers worldwide can easily access the information related to any art. There would be a great adoption of art due to online auctions and its cost-effective nature.

But when it comes to value arts, there is a strong need to set the guidelines on important factors to determine the worth of an artwork and ensure accuracy. It goes without saying that the price of an art soars when an artist dies. However, it is not the only factor to determine the value. If the deceased artist was famous, it naturally raises the value of their art (12). Artefacts and arts have great aesthetic values which grow over time. A standardised procedure is needed to develop a credible value and it should get proper attention by professionals.

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