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START WITH INVESTING 5-10% OF PORTFOLIO

Get historical facts right to invest in art

MODERNS DOING BETTER THAN CONTEMPORARIES FOR NOW

IF ONLY investing in art was as simple as walking into a gallery and picking out the piece that you thought would look best on your living room wall or a so-called masterpiece by Husain or Souza that appeared to be going cheap. Unfortunately, it is this playful attitude to buying art in India that has led many to burn their fingers in the art market.

No doubt, there are collectors and art connoisseurs in the country who can pick out a classic from among a dozen, but for the larger population that is now looking at art as a means of diversifying their investment portfolio, the chances of cutting a raw deal are innumerable. So should it be painting or sculpture or antiquities? **SundayET** outlines a few cardinal rules that will help you with the right buy.

One of the fundamentals of investing in art is that you need to take the time out to do a little bit of research on the antecedents and the credibility of the piece that you are contemplating instead of being lead by hearsay. Neville Tuli, chairman of Osian's Connoisseurs of Art, says: "Art only makes sense as an investment if it has a credible amount of historical significance. Without this no art work should be contemplated." Your assessment of whether it has historical significance or not should ideally take into account criteria such as the exhibition history of the piece, the literary history accompanying it as well as some basic research from databases which keep records of such works. It would also help if you had some idea of some of its main collectors.

While the historical significance is a predominant criterion towards making a choice, you will also need to keep a watch on the nature of the market. The single largest advantage that experts see in investing in painting is that there is depth in the market, and liquidity in terms of having ready buyers. Experts say that a large market has also emerged for sculpture over the years. V Sanjay Kumar, director of Sakshi Gallery, however, points out that painting, photographs and sculptures when executed in the modern or contemporary sense form a class of artwork. "Their market is treated as one and the prices and liquidity have common features. The antiquities market is not very organised in India and issues like provenance and authenticity are problem areas," he says. In fact, while the prices of masterpieces like watercolours by Husain or Raza and that of an antique piece like a miniature from the Kangra school of

FOR INVESTMENT'S SAKE

Do's and Don'ts of Investing in art

- Choose historically **significant** pieces of art
- Take time to **do research** into the exhibition & literary history of piece
- Do not go for **cheapest** bet or by hearsay
- Remain invested for at **least five years**, to benefit from appreciation
- Begin by investing only **5-10%** of your portfolio in art



the 18th century was about the same 10 years ago, the price of the watercolour has appreciated almost 10 times, says Tuli. The reason being that there's never been a domestic economy for antiquities in India and that it is perhaps the world's biggest black economy. And while the priority for an investor should always be to buy good art, Sanjay recommends that if the buyer is patient then both moderns and contemporaries are good in the current market. "Currently moderns are doing better but then contemporary will also turn the corner in the near term. For people with less time to spend or for newcomers it is best they stick to Indian art," he adds.

Most wealth managers also recommend that to benefit from appreciation in the art market, you will need to stay invested for at least five years. For new investors though, it is safest to begin with investing anywhere between 5-10% of their portfolio in art, says Nipun Mehta, executive director and head-India of SG Private Banking. However, he admits that while prices of art have come down, it is difficult to say whether it has reached the bottom of the market, especially as there are several works of art, which have gone into repeated auctions and haven't been sold yet.

However, when it comes to taking your pick between galleries and auction houses, the advantage with auction houses is that the piece has probably fulfilled more due diligence while a large number of the galleries deal with the works of new and upcoming artists which haven't been ratified. However, Mukesh Panika, director of Religare Arts Initiative, argues that even in the gallery space, the key to making a successful investment lies with going with a good sized organized player, who goes beyond simply selling art to buyers but looks at educating investors on what they are buying. "Individuals should look at three or four established galleries in the market and assess their credibility on the basis of their access to artists, the shows that they do (calendar), their infrastructure and other activities like workshops and symposiums that they organize through the year," he says.

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