In recent years much of the returns gained by high net worth individuals have been due to the strategic diversification of their investments into a broad range of asset classes. Most recently, this trend has extended to investing in art, as investors shift their concern from weathering the financial crisis to anticipating the inflationary effects of rising government spending and debt. Art, like gold, is classed as a “real asset” and has proven in the past as a natural hedge against inflation. Art as an investment is a genuine contender as part of any sophisticated asset planning and cannot be overlooked for one unique reason: an ever-increasing demand coupled with an absolutely limited supply. Good art will always be good art and the high prices for masterpieces by the established and historically important artists will remain high regardless of the financial crisis that develop.

Even though art can be seen as a commodity, just like other valued items traded through financial markets, there is still resistance and reservation on its ability to deliver. In fact, in a survey conducted by Barclays for its June 2012 report highlighted that only 10 percent of buyers bought fine art purely as an investment, the other 90 percent bought it purely for their own enjoyment or for cultural or social reasons. This trepidation stems from the fear that art as an investment is highly illiquid, and the market itself is opaque and convoluted. Also, the eventual price for any given painting, print or sculpture is entirely unpredictable, as is the rate at which any given type of art will appreciate or even decline. However this anxiety is outdated and is used conveniently by the critics to slate the art world.

On the contrary investing in art is similar to any other asset class and requires the same two fundamental steps while investing—approach and due-diligence. Like most investment class, returns on investment in art is divided into two distinct categories—low risk and stable return and high risk and high return. In the first category the investors obtain their investment objective through medium to long term capital commitment where monetary appreciation is achieved through careful management of a select portfolio of art across the most established sectors such as Modern and Old Masters. These sectors are identified for having significant size and maturity of collector base; independent market behavior (including price performance and unpredictability); and a long...
transaction history allowing greater predictability. Hence providing steady and stable rate of return with low risk.

In the second category, capital appreciation is achieved through active management of a broadly diversified portfolio of art across the sectors such as Contemporary and Modern (less established). The size and maturity along with limited transaction history makes these sectors highly unpredictable ensuring greater fluctuation. This makes investment in these sectors risky but also allows investors an opportunity to achieve a greater rate of return. Thus it is paramount for investors to decide which approach suits their profile best.

Along with approach investing in art requires extensive insight into the market in order to achieve great returns. The process of determining where assets should be allocated should include a thorough assessment of art market conditions, global economic conditions, the availability of attractive investment opportunities, and suitability of investments to the risk/return profile of the investor 3.

Top Fine Art Auction Houses in India:
Saffron Art:
Location: New Delhi, Mumbai and also London and New York
Specialties: Indian art, jewellery, and collectibles

Saffron art one of the first art auction houses in India and it runs successfully even today, presenting the best of contemporary and modern art to global audiences through tastefully designed exhibitions. It was initially just an web portal for purchasing art, started by the dynamic couple of Dinesh and Minal Vazirani but now it is much more than art portal for online auction. To encourage first time collectors they have also launched a new model wherein there are no prerequisite prices and the first time collectors get a say in determining the cost of a particular art piece for investment or for personal use/consumption.

A global company with deep Indian roots, Saffronart was founded in 2000 on the strength of a private passion. Remaining committed to this passion and personal values, today Saffronart is a strong and successful international auction house that both embraces and drives change.

A platform for fine art and collectibles with over fourteen years of experience in auctions, Saffronart is committed to serving the growing community of Indian collectors, while also creating a cultural bridge to India for both the global Indian diaspora and the international community at large. Saffronart has set several global benchmarks for online auctions and is the subject of a case study at Harvard Business School.

Saffronart has held several highly successful online and live auctions, accompanied by physical catalogues and preview events in cities like Mumbai, New Delhi, New York, London, Singapore and Hong Kong. These auctions allow bidders around the world to participate simultaneously in exciting sales. In October 2008, Saffronart extended its unique online auction platform beyond fine-art to host its inaugural sale of Fine Jewels and Watches, adding a new dimension to its market presence.

Since December 2011, Saffronart has offered Indian antiquities including sculptures, artefacts and miniature paintings on its auction platform, in auctions conducted by Collectibles Antiques India Private Limited. In 2012, Saffronart held its inaugural auctions of Modern & Impressionist Art, Carpets & Rugs, Folk & Tribal Art, Art Deco and the Art of Pakistan, followed by its first Travel & Leisure auction in 2013.

In the same year, Saffronart held its first Live Auction in Mumbai, “Francis Newton Souza: Works from the Collection of Keren Souza Kohn”, which combined room, online and phone bidding. This was followed by two live auctions of Modern and Contemporary Indian art in February 2014 in Mumbai. Saffronart recently held its 100th auction and its first live auction in Delhi, which was a tremendous success.

With online and live auctions, a host of technology enabled services for clients, and a global presence in Mumbai, New York, London and Delhi, Saffronart offers easy access and detailed information on art, jewellery, collectibles and real estate.

Services: Responding to the needs of today’s collectors, Saffronart offers a range of services including art advisory, private sales, appraisals and valuations, and specialised art storage. Through these personalised services, our dedicated team of professionals provides collectors with a comprehensive set of options to evolve and care for their collections over time. In April 2010, Saffronart leveraged its online presence and global reach to introduce a new service – Prime Properties in India. In 2013 Saffronart launched StoryLTD, an online auction and e-commerce platform to serve a broader base of art and collectibles buyers. Since 2014, StoryLTD has been holding a number of no-reserve online auctions which have been enthusiastically received.

OSIAN’S:
Location: Mumbai and New Delhi

Specialties: Antiquities, modern and contemporary art, books, Indian film memorabilia.

An auction house set by an art aficionado Neville Tuli, OSIAN has been the driving force behind the India art market for a long time. They were instrumental in determining higher prices for the modern pieces of art. The auction house doesn’t exist in singularity but has many other initiatives like Osian’s archive and library collection, the Osian’s cinean film festival and Osianama, a long term project for Tuli to build an online museum for art and cinema.

Art Bull:
Location: New Delhi
Specialties: Indian modern and contemporary art

Nakul Dev Chavila, founder of Global Art Hub and Kiran K. Mohan are the key people in the auction house. It is a relatively new player in the field but they have had a successful launch collaborating with Global Art Hub and carry a clear vision of connection the art galleries and the art buyers via a digital medium.

Bid and Hammer:
Location: Bangalore
Focus: Antiques, modern and contemporary Indian art

Maherid Dadha’sBid & Hammer has established itself as India’s pioneering multi-category auction house and is known to have a wide diversity of artists and the mediums to auction. The board of directors include the likes of Rukmini Varma, the great grand niece of Raja Ravi Varma, among others, who have helped them create of the most eclectic collections.

Pundole’s:
Location: Mumbai
Specialties: Modern Indian Art

It was one of India’s earliest art galleries and it established an auction house way back in the 1963. Founded by Kali Pundole in the vibrant post-independence era, the auction house is one of the most reputed and recognized in India today.

Conclusion:
The auction house primarily deals with the artworks of the Progressive Artists Group and simultaneously works in close coordination with the Pundole Art Gallery that has been the instrumental to the careers of many modern Indian masters such as M.F. Husain, V.S Gaitonde, Ram Kumar, Akbar Padamsee and F.N. Souza etc.

Art as an investment is a genuine contender as part of any sophisticated asset planning and cannot be overlooked for one unique reason: an ever-increasing demand coupled with a absolutely limited supply. Good art will always be good art and the high prices for masterpieces by the established and historically important artists will remain high regardless of the financial crisis that develop.
Reference:
1- https://www.mojarto.com/blogs/top-5-auction-houses-in-india