



## IIMA and Aura Art Collaborate to Launch an Art Index to promote Indian Art and artists globally

*~The Art Index will support, art enthusiasts, financiers, insurers, and others to estimate the market price of artworks based on data instead of a 'gut feeling'*

*~The Art Index has been developed based on an analysis of the actions of art by top 25 Indian artists across the world over 20 years*

**November 24, 2022:** The Indian Institute of Management Ahmedabad (IIMA), a premier global management institute, today announced the launch of the IIMA-AuraArt Indian Art Index (IAIAI) in collaboration with Mumbai-based Aura Art Development Pvt Ltd (Aura Art), an art infrastructure solutions provider and specialist in art transactions.

The IAIAI comes as timely intervention for the Indian art market which despite being at a nascent stage is emerging a burgeoning market. This index is a first of its kind that trace the price appreciation journey of Indian artists at auction globally. The need is pressing as the nation has had limited experience with art indices and most purchases are still driven by a 'gut feeling'.

In such a scenario, the IAIAI, which is based on a hedonic pricing model, will serve as a Constant-Quality Art Price Index. The index has been put together using a data-driven methodology that analyses price variations in artwork auctions of top 25 Indian artists across the globe over 20-years. IAIAI therefore can offer, art enthusiasts, financiers, insurers, and other stakeholders across the sector, data to calculate the percentage change in the likely market price of an artwork over time.

**Speaking of the potential benefits of the Index, Professor Errol D'Souza, Director, IIMA, said:** "Art and artists are not only to be appreciated but they also have a significant investment value. Recently, the total worth of art works auctioned in India has been nearly a hundred million dollars per year. At IIMA we are also focussed on the emerging importance and needs of the art investing community and the assets it invests in. This art price index will bring a higher degree of transparency to the realm of art investment. We believe that it will also encourage investment in art and, thus, the artists."

Unlike financial assets which are homogenous in nature, real assets such as artwork are highly heterogeneous, which is one of the primary challenges in creating a reliable index. Moreover, markets for such real assets are illiquid and thinly-traded. Artwork prices are a combination of factors related to artists, media, subject, size, etc. Thus, comparing prices across artwork varying in multiple factors is fraught with cognitive errors. An intuitive workaround is to summarize art price transactions observed in a period into a central tendency measure such as average, or median. However, indices based on central tendencies may be misleading indicators of price movements. Consider an investor who bought a Jamini Roy oil rendering of tribal culture in 2010, and today wants to assess the percent change in its price since then. But recent auctions have been dominated by relatively abstract works of Souza and Hussain. So, the average change in price is not just due to passage of time; but also due to changing quality of the artwork auctioned. This renders the index irrelevant to Roy's work. IAIAI addresses this issue such that it is generalizable to a larger asset class despite the sample changing its quality over time.

Through its collaboration with Aura Art, IIMA analysed data provided by the former, which comprised auction results of over 9,000 artworks by the top 25 Indian artists (List of artists analysed available below), auctioned across 11 houses around the world, over a more than 20-year period, from April 1, 2001 to June 30, 2022. These artists were selected based on the number of artworks auctioned. These artists offered a critical mass of artworks

adequate to be included in the index formation. The first batch of data included a total auction price worth INR 45 bi (approx. \$0.75 bi @ ₹60/US\$) for the whole sample period.

**Professor Prashant Das, IIMA faculty who ideated the programme algorithm for development of the index**, said, “As an asset class, art has a great similarity with real estate: Each asset is unique, and the market is stratified. Even if produced in multiple copies, the products are not identical. Clubbing such assets into a unified price index is an analytical challenge that we attempt to address through this index. The index is broadly relevant irrespective of which quality of art works dominated the sample over time.”

**Speaking at the launch, Mr Rishiraj Sethi, Director, Aura Art Development Pvt Ltd**, said, “The Art Index is a great example of a head-heart confluence, which normally results in the best of both. Our collaboration reflects a confluence of IIMA’s analytical prowess and Aura Art’s grasp on esoteric factors that drive art value. We aim at measuring heartbeats of the Indian Art market.”

As in 2022, the two parties (IIMA and Aura Art) have agreed to publish quarterly price indices updated twice a year. The index will be hosted as a part of IIMA’s Misra Centre for Financial Markets and Economy:

The Misra Centre for Financial Markets and Economy at IIMA is a Centre of Excellence that conducts research on the financial markets and economy in India. The Centre is expected to provide impetus for focussed research and teaching related to financial markets within the overall framework.

#### **Top-25 Indian Artists Considered for the IIMA-AuraArt**

#	Name of the Artist
1	Akbar Padamsee
2	Anjolie Ela Menon
3	B Prabha
4	Badri Narayan
5	Bhupen Khakhar
6	Bikash Bhattacharjee
7	FN Souza
8	Ganesh Pyne
9	Jamini Roy
10	Jehangir Sabavala
11	Jogen Chowdhury
12	K Laxma Goud
13	KG Subramanyan
14	Krishen Khanna
15	Lalu Prasad Shaw
16	Manjit Bawa
17	Manu Parekh
18	MF Husain
19	Ram Kumar
20	Sakti Burman
21	Satish Gujral
22	SH Raza
23	Thota Vaikuntam
24	Tyeb Mehta
25	VS Gaitonde

*Source: Authors. Data spans 2001 Q1 through 2022 Q1.*



### **About IIM Ahmedabad:**

The Indian Institute of Management Ahmedabad (IIMA) is a premier, global management Institute that is at the forefront of promoting excellence in the field of management education. Over the 60 years of its existence, it has been acknowledged for its exemplary contributions to scholarship, practice and policy through its distinctive teaching, high-quality research, nurturing future leaders, supporting industry, government, social enterprise and creating a progressive impact on society.

IIMA was founded as an innovative initiative by the Government, industry and international academia in 1961. Since then it has been consolidating its global footprint and today it has a network with over 80 top international institutions and a presence in Dubai. Its eminent faculty members and close to 40,000 alumni, who are at the helm of influential positions in all walks of life also contribute to its global recognition.

Over the years, IIMA's academically superior, market-driven, and socially impactful programmes, have earned high reputation and acclaim globally. It became the first Indian institution to receive international accreditation from EQUIS. The renowned flagship two-year Post Graduate Programme in Management (PGP) is ranked 26th in the FT Master in Management Ranking 2021 and the one-year Post Graduate Programme in Management for Executives (PGPX) has been ranked 62nd in the FT Global MBA rankings 2022. The institute also is placed first in the Government of India's National Institutional Ranking Framework (NIRF), India Rankings 2022.

IIMA offers consultancy services and more than 200 curated executive education programmes in customized, blended, and open enrolment formats for a diverse audience comprising of business leaders, policymakers, industry professionals, academicians, government officials, armed forces personnel, agri-business and other niche sector specialists and entrepreneurs. To know more about IIMA, please visit: <https://www.iima.ac.in/>

### **About Aura Art and Its Data ([www.auraart.in](http://www.auraart.in) and [www.artinfrasolutions.com](http://www.artinfrasolutions.com))**

Aura Art Development Private Limited ("AADPL" or "Aura Art") was incorporated in 2008 to identify artists of calibre, promote their art and develop culture of collecting art. In 2015, AADPL set-up a subsidiary, Aura Art eConnect Private Limited, to expand the business of dealing of art, set-up curated art shows and develop India's leading online marketplace for curated fine art ([www.auraart.in](http://www.auraart.in)). Having successfully modelled a framework for developing artists, AADPL is now set to solve the next big hurdle for orderly development of the Indian Art Market - by offering Art Infrastructure Solutions ([www.artinfrasolutions.com](http://www.artinfrasolutions.com)), as a one-stop-shop for all needs of Art Collectors, Corporates, Artists, Museums, Foundations, Government and other Institutions (including palaces, temples, religious and spiritual organisations etc). As there is a greater appreciation of art and cultural objects, a better understanding of their economic value and increased sensibility of the irreplaceable historic value encapsulated in them, the need is felt, more than ever before, to manage these cultural assets better. This calls for an integrated approach, of in-house capability enhancement and significant research, supported by collaborations with multiple experts / stakeholders.



Aura Art is committed to pioneering thought leadership initiatives for an orderly development of the Indian art market.

Towards that endeavor, Aura Art has jointly developed two publications with Ernst & Young (EY) titled "The Science behind valuing art" (December 2017) and "ArTax - Managing tax risks of artworks" (August 2018); in addition to "ArtIP- Art of creating Intellectual Property" with International Legal Alliance (ILA) in August 2019. Aura Art "ArTrends" Report of October 2019 was also featured in "Trendonomics 2021", Ambit Global Private Client's Annual Outlook 2021. Besides, Aura Art has developed a proprietary Valuation Tool with comprehensive database of global auction results of Indian Art and aspires to be a market leader in providing art valuation guidance to the art industry. The collaboration with IIMA to develop an Indian Art Index (IAIAI) is an important step in this regard.

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