Markets framed by culture

The role of local contexts in the rise of contemporary art commerce in Russia and India

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Meanings of discounts in contemporary art markets

The case of India

In spite of the fact that discounts on prices are a universal marketing tool, little research has been conducted on the topic. In this paper, I study the use of discounts in an art market, where its occurrence, although perhaps unexpected, is still pervasive. Bargaining over a presumably priceless piece of art may seem ridiculous, but anecdotal evidence show that the practice is common in the most prominent art galleries around the world (see, for example, Grant 2013; Kleinfield 1993; Velthuis 2005).

Existing marketing research on the perception of discounts focuses mainly on “buyers”, with “suppliers” implicitly modelled as rational economic actors who always aim at utility maximization. As a consequence, how market actors decide to give (or not give) a discount remains largely unresearched. Filling this gap and arguing that suppliers of markets are also culturally embedded actors, this paper focuses on the norms about making discounts. Drawing on interviews with contemporary artists and art dealers in New Delhi and Mumbai, it looks at how art market actors understand what kinds of discounts are appropriate and when. What, in the perception of an art dealer or an artist, is an appropriate situation in which to give a discount? What does giving or not giving a discount mean to them? Which social relations are enacted by discounts? What boundaries do art market participants (wish to) draw? In order to answer these questions, the paper considers discounts as a pricing mechanism that organizes a market by coordinating demand and supply, communicating messages to colleagues and potential buyers, and differentiating between sellers, buyers and products. Discounts are, in other words, a powerful relational tool.

The paper begins from the assumption that any market is embedded in local culture and socio-economic context (Zelizer 2000a), which means that similar actions (such as proposing a discount of 10%) may have different meanings and effects in different markets (e.g. mass markets or markets of singularities) or even in different circuits (Zelizer 2004) within the same market. Existing studies on pricing and valuation, however, pay relatively little attention to the cultural differences in pricing

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(and discount) strategies, mainly because they focus primarily on Western markets (e.g. Beckert and Aspers 2011; Hutter and Throsby 2008). This paper addresses this imbalance, unpacking the differences by focusing on the contemporary art market in India, which is often labelled as “emerging” or “developing” (Kraeussl and Logher 2010; McAndrew 2009). Through the study of an art market that operates in a different socio-economic context, it thus highlights the diversity of market cultures within and across countries. Focusing on discounts serves to develop the paper’s argument about the role of culture in organization of markets. Elaborating on the Zelizer’s theory of circuits of commerce, it argues against understanding circuits as autonomous and homogeneous entities.

While public price-cuts in standard markets are often researched (Grewal et al. 1996; Lichtenstein et al. 1991), the role of discounts in status markets (Aspers 2009) is rarely studied. The example of the market for contemporary art shows the richness of meanings of discounts in such markets where the status of actors plays an important role in a decision about a purchase. This paper also contributes to the cultural sociology of art markets through its analysis of the Indian art market, by distinguishing two circuits of locally and internationally oriented actors. While artists and dealers in both circuits have a shared understanding of the socio-economic context that forces them to give discounts, their attitudes towards this practice differ. In the locally oriented circuit, the ideas about proper discount practices are shaped by actors’ understanding of Indian norms of conduct, so artists and dealers actively use discounts as a tool to support relevant relationships in the market. The attitude towards discounts in the internationally oriented circuit is, on the other hand, very negative, shaped by what its members perceive as global art market norms and rules. Artists and dealers in this circuit believe that discounts diminish the aesthetic value of art and symbolize lack of maturity in their business approach.

Discounts across cultures and markets

Although empirical studies about the perception of discounts are rare, there are several relevant domains of research within anthropology and marketing studies. Anthropologists traditionally focus on the system of discounts that exists in the so-called “bazaar economies” of non-Western traditional cultures (J. Alexander and P. Alexander 1991; Beals 1975; Geertz 1978; 1979).2 In this literature, bargaining is a key element of a “bazaar economy”, and is generally understood to be a cultural universal of traditional societies that supposedly disappears at certain levels of economic development and industrialization. Following this developmental argument, many anthropo-

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2 The structure of the bazaar, which implies a large number of sellers of a similar product of unknown quality, presupposes bargaining as a rational activity for both parties of the exchange.
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...political studies proceed from the idea that bargaining is ethically approved in non-Western cultures, while in, for example, the USA the practice does not fit the national values of egalitarianism (P. Alexander 1992; Brookhiser 1997; Herrmann 2003).

Comparative marketing research on standardized sales also finds cross-national variation in how consumers perceive price discounts. In countries where collectivistic values prevail in the markets, a discount from a listed price is perceived as a reduction of quality, while in countries with individualistic markets, discreet discounts are perceived positively (Jo and Sarigollu 2007). Like anthropologists of bazaar cultures, marketing scholars explain the difference in the perception of discounts by referring to shared national values. Knowledge about these values, however, rarely comes from empirical investigation, and culture remains a black box that is not specified in relation to empirical phenomena. Consequently, this approach essentializes cultural differences through references to the phenomena of “national” or “traditional culture” as ultimate explanations for observed behavioral differences (Jonasson and Lauring 2012). J. Alexander and P. Alexander’s study of the Javanese market is the only exception that studies language as a manifestation of culture and looks at the differences in meanings behind comparable linguistic concepts of different origin (J. Alexander and P. Alexander 1987). They show that, since meanings behind presumably similar concepts differ significantly in English and Javanese languages, the practices labelled by these concepts are also different (J. Alexander and P. Alexander 1991). A price in the Javanese market is thus understood in terms of “range” and bargaining is a practice of finding the “right” price within this range (J. Alexander and P. Alexander 1987). Following on from their research, this paper argues that the meaning of a certain pricing strategy needs to be a matter of empirical investigation.

This paper also questions the idea of national cultural homogeneity in relation to market processes. Studies of discount practices in different markets (not only national, but also markets of different products) suggest that the meanings that discounts have for market participants are not necessarily formed by national values. In contemporary Western societies there are markets where bargaining is an acceptable form of behavior, such as garage sales (Herrmann 2003), flea markets (Sherry 1990) or real estate markets (Merlo and Ortalo-Magne 2004). In art markets, bargaining and discounts are also common, even though it is not publically advertised (Grant 2013; Velthuis 2005). Thus, the “propensity to bargain” varies not only among nations, but also across markets and market sectors. In the only empirical research discussing discounts in art markets, Velthuis proposes a typology, distinguishing between courtesy, museum, and flexibility discounts (2005). “Courtesy discounts” serve as gifts that are necessary to build and support relevant networks in the market. Such “gifting” is a symbolic action that can transform a situation of “market exchange into an act of care and support” (Velthuis 2005: 64). “Museum discounts” are often expected by non-profit art institutions because placing an artwork in a museum collection supposedly increases its aesthetic value and
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advances an artist’s career. Finally, “flexibility discounts” are those given in the periods of market recession as the only legitimate way of responding to market fluctuations without damaging the perception of quality among the customers (Thaler 1985; Velthuis 2005).

While the Velthuis study shows that discounts can have different functions in the art market (e.g. relational, economic, symbolic), it does not discuss how artists or dealers understand these functions and which of them are relevant in a particular situation. In order to understand why discounts are given (or not), this paper considers the meanings they have for the parties involved.

The culture of markets

The paper starts from the theoretical perspective of markets as cultures (Abolafia 1998), and proceeds from the assumption that any economic action is culturally embedded in a set of meaningful social relations (Zelizer 2000a). Culture is thus a system of meanings shaped by norms, myths, symbols and beliefs shared within a particular community. Meanings that people learn, mutually construct, and share within markets, guide economic decisions and outcomes (Wherry 2014). Any market is only partially autonomous of a wider society: while an art market has the capacity to establish its own norms of operation, its actors also share the morals of the community they live in. Art market actors also have to rely on an available infrastructure and react to the economic, political or even environmental situation in their country.

Within a country, the culture of a market is also not homogeneous. Art markets consist of separate worlds divided on the basis of division of labor, distribution of power, location, and style differences (Becker 1982; Bourdieu 1983; Moulin 1987; White 1993). While agents’ interpretations of commerce within these segments influence how they operate (O’Neil 2008; Velthuis 2005), there has been less focus on the cultural aspects of market segmentation. In order to fill this gap, this paper looks at multiple market cultures (Zelizer 1999) in the Indian art world, using the concept of “circuit of commerce” (Zelizer 2004).

A circuit of commerce is “a set of relations among social sites” that “incorporates somewhat different understandings, practices, information, obligations, rights, symbols and media of exchange” (Ibid.: 124). Circuits of the same market vary in understandings of morality (Anteby 2010). Their members “share mutual understandings of value” (Mears 2011: 156), create trust relations and enhance reciprocity but, at the same time, organize “exclusion and inequality in relation to outsiders” (Zelizer 2006: 34). This “multiple markets” model (Zelizer 1999) shifts the research focus from markets in general towards distinct social relations and economic activities (Zelizer 2006).
A study of the meanings behind a single practice reveals the multi-layered cultural system of a market. In the case of art markets, discounts are an especially pertinent example because, despite the taboo on reducing an official price of an artwork dominant in the Western art markets, giving unlisted discounts is a widespread practice (Velthuis 2005). Pricing decisions are meaningful for market participants and are part of a symbolic system within a market. Giving (or not giving) a discount reveals relations relevant to a particular circuit. In addition, how art market participants make pricing decisions about their “commodity” exposes the normative standards and values dominant in a circuit that they belong to. Ideas about the functions of a discount and decisions about granting it can arise from the social, cultural and economic values of a seller, and vary across different art market circuits.

The notion of circuits is, however, used with caution in this paper. While Zelizer provides examples of circuits that already exist, and so presents them as homogeneous and autonomous communities, in the context of the developing art market, it is not really possible to talk about stable networks and clear-cut boundaries. On the other hand, the evolving nature of social relations in a young market provides an opportunity to make the concept more nuanced. While Zelizer acknowledges that circuits are built on networks (2004), she does not take into consideration key properties of networks. It is very rare for a person to be a member of only one network (and circuit). Networks are also rarely homogeneous: they have central and peripheral actors and often brokers, who link otherwise autonomous communities. In addition, location within a network is related to the extent to which its members “share” or “use” each other’s values (see more about it in Pachucki and Breiger 2010). These structural characteristics need to be taken into consideration when addressing the issue of configuration of circuits.

Methods

This paper is based on 51 qualitative interviews with artists and art dealers conducted in January–April 2013 in New Delhi and Mumbai. Due to the lack of previous ethnographic research on this art market, I undertook an exploratory approach and tried to make contact with a diversity of actors: interested in the international and local art scene, established and beginning, more and less commercially oriented, working with different styles and media. I followed the recommendations of my interviewees but also strategically tried to make contact with actors who differed significantly from those whom I had already interviewed. In addition, I used notes from a number of informal talks at a diversity of art events, such as the national art fair, open days at art residencies, and openings at art galleries and museums. With my informants, I discussed the topic of pricing (and giving discounts) in relation to such issues as the current state of the market, marketing strategies to attract clients
and to convince them to buy or sell an artwork, preferred or disgraced clients and artists, normative standards about “do’s” and “don’ts” in the market.

In this paper, I limit the understanding of “art market” to actors who create, buy or deal in what is commonly called “fine art”, i.e. authorized, professional, institutionalized and recognized as visual art (versus craft, design, religious artefacts and tourist memorabilia). Since, in India, the boundaries between these domains are often blurred, I interviewed people who clearly met my definition. Here, the term “contemporary” includes all visual art produced by living artists, irrespective of their style, medium or technique. Note too that this paper analyzes only the primary art market of gallery sales or direct sales from artists, and excludes secondary resale of art at auctions or by collectors.

Even though New Delhi and Mumbai are considered the centers of art commerce in India (Poulsen 2012), this paper does not make generalizations about the extent to which the phenomena discussed are typical across the country, but rather reconstructs the variety of meanings that discounts can have for art market participants.

“Developing” market and its post-crisis state

The Indian art market is often described as “emerging” or “developing” (Kraeussl and Logher 2010; McAndrew 2009; Robertson 2011). Before the early 21st century, Western curators, auction houses and the public largely ignored art from India, or put it in the general category of Asian art (Khaire and Wadhwani 2010). In recent decades, however, there have been the growing numbers of auctions devoted to Indian art, and exhibitions of Indian contemporary art in major Western museums, and Indian modern artists now appear at the top of various international art rankings.

Although a local art scene existed previously in the country, with the first private art galleries operating in India in the 1930s, the commercial relevance of these undertakings was limited. According to interviews with pioneering art dealers (or their successors), sales were rare and prices were low (e.g. in Zitzewitz 2013). Art was mostly treated as an element of decoration, and the distinction between fine art and craft was not strong, resulting in a low value for authorship, uniqueness and artistic expression. The driving force behind the development of the commercial art market came

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3 The first galleries in New Delhi were Dhoomimal (1937) and Kumar art gallery (1955); the Chemould and Pundole art galleries both opened in Mumbai in 1963.
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from the international auction houses, which targeted Indians living abroad, i.e. wealthy non-resident Indians, who, supposedly had been exposed to the Western culture of art appreciation, and could perform their nostalgic connection with their country of origin via art acquisition.

In the early 2000s, the Indian art market began to strengthen, and prices rose rapidly at the international auction houses. By the mid-2000s there was a “boom” in the Indian art market, and in the contemporary art market, in particular. As one of my interviewees said, “a million dollar possibility suddenly dawned” upon the participants of the market (I30, Delhi art dealer), attracting people interested in the investment side of the business into the sector. A number of new galleries, auctions and art funds emerged, “everything was doing well, everything was selling” (I27, Delhi art dealer).

The boom continued until late 2008, when the global financial market crashed, and the Indian art market bubble burst. The contemporary art market sector suffered from this crisis more severely than the sectors of modern art or Indian masters.

During the period of my fieldwork, the Indian contemporary art market had still far from recovered to pre-crisis values in terms of prices or volumes of sales (Petterson et al. 2014: 5). Everybody acknowledged poor sales and a scarcity of resources. The boom was over and demand had fallen considerably. The issue of discounts became especially disturbing for the participants of the market. Many people tried to get rid of what they considered low-quality works, depressing the general price level of the market. Artists and art dealers complained that they had to make enormous efforts to sell anything, and that they were forced to bargain, as this Delhi artist describes:

Now the situation had completely changed and [irresponsible dealers] started selling at 50–60% discounts. The buyers – even for the real artist [interested in art rather than money] like me, […] whose prices didn’t go up crazily – they expect a discount from me also of about 50–60%, which I cannot give. So, the market has really become spoilt. So, people, when they buy, firstly say “okay, what is the discount you are giving me?” (I11)

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4 The first commercial auctions devoted exclusively to modern and contemporary Indian art took place in London (Christie’s) and New York (Sotheby’s) in 1995.
5 The category of NRI, introduced in 1973, established a legal and symbolic connection between the country and its diasporas (Amrute, 2010).
6 Herrero (2011) provides an elaborate analysis of the interrelationship between national values and the selling and buying of art at auctions, using the example of Irish art.
7 In 2002, the triptych “Celebration” by Tyeb Mehta sold for more than $300,000 at a Christie’s auction in New York. Just three years later, a work of the same artist, “Mahishasura”, hit a new record of $1.58 million (Christie’s auction in New York).
8 Here and henceforward, I will use codes instead of the names of my interviewees.
Although almost nobody admitted to being involved themselves, many people believed that others in the market were giving discounts of 40–60%. The issue of this paper is not, however, whether big discounts were indeed given or not; this poor situation of the art market is the context in which art market actors formulated their attitudes and made decisions about giving discounts. Everybody acknowledges discounts as inevitable, but art market actors frame this knowledge and justify other instances of granting or not granting a discount very differently.

The following sections lay out two circuits of art commerce whose members, despite their shared understanding of the socio-economic context, have divergent understandings of the role that discounts have in the art market. I first present two groups of actors with different approaches to art commerce, then I zoom in to analyze circuit-specific understandings of discounts in order to show meaningful differences between circuits.

Two circuits of the Indian art market

The accelerated development of the Indian art market, heated up from abroad, has shaped two distinctive approaches to art commerce. As Poulsen puts it, only a small fraction of Indian contemporary art market actors organize their activities in ways similar to those in the art markets of Europe and United States, “the vast majority of galleries in India function merely as shops, [...] aiming to have something for any taste” (2012: 189).

Art dealers from the first, smaller, group, who organize their commercial practices in ways similar to Western art markets, tend to work with a limited number of artists. They represent these artists, aiming to promote their careers through a wide variety of practices: organizing international gallery exchanges, studio visits or residencies for their artists, participating in international art fairs, preparing elaborate publications, working with curators and museums. Their intention is to establish and support the aesthetic value of the art that they sell and to convert it into prices. As a result, these art dealers are selective about their collaborations, artists and customers. Members of this group have a global vision of their practice, are actively oriented towards the international art scene, and claim to have more buyers abroad than in India. They form what I call “an internationally oriented circuit.”

The second group consists of art dealers and artists who target local buyers. These actors have a very different marketing strategy, tending to sell artworks of a wide variety of artists (catering to any taste) and organizing many “solo shows” and frequent group exhibitions. Other than that, they do not actively participate in artists’ careers. These actors often perceive the first group as snobbish
and argue that local art scene deserves attention and needs to be developed by attracting as many buyers as possible or by providing exhibition space for early career artists. I call this group of art market actors “a locally oriented circuit”.

The depth of difference between the two groups becomes clear in the meaningful frameworks that guide their giving of discounts. While I proceed from the assumption that analysis of virtually any other market practice will reveal differences between two circuits, I argue that in the post-crisis context of the Indian market for contemporary art, discounts become one of the most salient cases.

**International circuit: discounts under control**

Art dealers and artists from both groups insist that there is a general cultural craving for discounts in India and a habit of haggling about price, no matter whether in a grocery or a gallery. They perceive their “national culture” in terms close to “bazaar economy” theories. In the words of a Delhi art dealer:

> In India, if you enter into this system of discounts, then there is just no going back, you could just be giving an artwork for free by the end of it. So, it is just feel-good-country-discount that people want. And that’s what we give. (118)

A “good-will discount”, as I have heard it called several times, is a norm to which artists and dealers from the two groups respond very differently. While members of the local circuit consider this situation as a given, and shape their professional activities following this “norm” of bargaining, in the international circuit the condition is presented as problematic and harmful to the art world. The latter circuit has developed an elaborate discourse about discounts needing to be brought under control. Explaining her negative attitude towards the Indian habit of attracting everybody with discounts, a dealer from Mumbai exclaimed:

> This is not some vegetable shop or some grocery shop! So we have that dignity. The principle of respect is there always on art. (153)

In the Western art markets, refusing a discount is often considered a sign of strength on the part of an art dealer, since it is a performance of high status in the art world, a message about aesthetic and economic independence that shows that market demand for an artist’s work is so strong that no discount needs to be given (Velthuis 2005). While the international circuit of artists and dealers in New Delhi and Mumbai also has a negative attitude towards discounts, they acknowledge that sales these days are significantly less frequent and that foreign interest in Indian art is less strong than
during the “boom” period. Consequently, in order to align their negative attitude towards discounts to the realities of the current market, the dealers build a discourse of controlling their pricing policy. None of my interviewees claimed that they never give discounts. Instead, they discussed, in detail, how to approach this practice with sufficient “dignity.”

There are a number of different strategies to “control” discounts. Most often art dealers explain that they try to keep them minimal, since giving discounts of 50% “just speaks really badly of the market” (I27, Delhi art dealer). Limiting discounts to a small percentage – keeping them “fair” and “fixed” – is a strategy that was quite often discussed. Art dealers from Mumbai have also developed an additional strategy to control pricing and discounts, forming an informal association that (amongst other things) empowers them against bargaining collectors. So, when the crisis hit the market, members of this association informally agreed on a joint pricing policy: keeping the prices above the minimum “appropriate” level instead of cutting a price to beat another gallery's offer (I46, Mumbai art dealer).

Art dealers and artists of this circuit do not want to get into a situation of bargaining where they might not have enough social and symbolic power to defend their position. In the context of a low market, resisting a discount is framed not as imposing status over a buyer, but as an attempt to keep the morals in their business approach. A dominant discourse about the “boom” period in the Indian art market focuses on unreasonable price increases that were produced artificially by investors not interested in the aesthetic value of art. Consequently, giving a big discount today would suggest that one has previously participated in “heating up” prices. In order to distance themselves from that, art dealers condemn such behavior: “we don’t hike prices in the boom, and we don’t give too much of cutting in the recession” (I53, Mumbai art dealer). They claim that if you give big discounts, you admit that your prices are not “correct” and collectors “lose faith in a gallery” (I27, Delhi art dealer).

The idea of a “correct” price for art arises from the belief that a price reflects the quality and the aesthetic value of an artwork. Giving up this price too quickly means that your works are not good enough. Similar reasoning can be found in the Western art markets, where there is a taboo on reducing listed prices of artworks to avoid acknowledging low demand or sending negative quality signals to other buyers (Velthuis 2005). Members of the international circuit of the Indian art market have similar concerns about giving discounts too frequently. If discounts become the norm rather than an exception, they could be interpreted as a way of reducing a listed price. Art dealers therefore try to avoid these situations.

In the international circuit, giving (big) discounts is perceived as a short-sighted approach to art commerce and the preference of individual economic interests over the more legitimate aim of de-
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Artists are keen to keep their prices high and assert that people who are passionate about art should spend an appropriate amount of money on it:

*They spend [money] on so many other things like jewelry, or clothes, or travel. They should learn to respect art and respect money.* (I11, Delhi artist)

Artists share these attitudes with their dealers, who believe that bargaining about price reduces the aesthetic value of an artwork. They express a high degree of selectivity about who is worth giving a discount to and claim to never give discounts to “first time buyers [they] are not sure of” because it is not clear “where [a] relationship is going to go” (I46, Mumbai art dealer).

**Local circuit: discounts as a tool in social relationships**

In both circuits, cutting listed prices is perceived as a tool to “keep up relationships” with clients. Still, the perception of which relationship is worth keeping varies across the market. Unsurprisingly, close friends of artists or loyal collectors and regular customers get discounts in any circuit. However, beyond that, opinions about a proper situation for the giving of discounts diverge. While members of the international circuit present themselves as highly selective about the situations where discounts are possible, and try to control them, members of the local circuit portray themselves as much more open-minded about this issue:

*If it gives [a collector] pleasure to get a little discount, then why not?* (I39, Delhi art dealer)

Consequently, art dealers from the local circuit often mentioned that they give discounts to establish a social relationship: “When you sell someone for the first time, you want that person to come back” (I5, Delhi artist and dealer). Giving discounts even to first time buyers is informed by an idea of respect to customers, as this Delhi-based dealer explains:

*We have to give respect. [...] If you go somewhere and you give them respect — you call it a discount, you call it a bargaining, but we call it respect. If I want to make a relation with anyone I have to give them a deal, I have to give them a best price.* (I40)

For art dealers in a local circuit, a respectful way of running a business is one that primarily values social relations rather than art itself. They believe that bargaining about price is a favorable way of economic behavior in India and the fact that a negotiation is about art makes little difference. Unlike the members of the international circuit, they accept this norm. Not providing the chance to haggle would be considered rude in the local circuit, and securing a purchase by suggesting a dis-
count is a normal practice. As a Delhi-based dealer with a long-term investment plan for his gallery puts it, he is eager to give his “buyer a chance to make money” too (I14). A discount in the local circuits thus symbolizes a personalized approach to each customer that informs the professional ethics of art dealers.

Even stronger positive framing of giving discounts presents it as an altruistic gift to true art lovers and those in need. A New Delhi artist explained to me that true appreciation of art deserves a discount:

*If somebody just likes a painting, and a person says that he doesn’t have sufficient money to buy, then he disappoints me. But if he says that he doesn’t have enough money, though he could afford this much, because he really loves the painting, I will say “okay” on this, since he appreciates the painting just like I do.* (I1)

For artists like her, reducing the price on an artwork does not threaten its aesthetic value and, more importantly (and contrary to the ideas shared by the members of the international circuit), this position signifies that they are not in this business for the monetary profit.

Artists from the local circuit are usually involved in less binding relations with galleries. They often give only some of their works to a number of art dealers, retaining others, which they are free to sell themselves. These artists often have a more active pricing approach. As a result, they might feel the need to negate their economic interests more actively than artists from the international circuit, who usually avoid personal involvement in sales of their works. In doing so, these artists combine the discourse about discounts as social grease with an idea that true love for art transcends economic constraints. As another artist from New Delhi explains:

*For me money comes and goes. It’s not the constant in my life. I have given away a lot of paintings. I have friends who can’t afford to buy my work. They come to my house and say: “We love that”, I say: “Take it!”* (I12)

His personal financial assistant added that they had almost gone bankrupt because of this altruism. Artists from the international circuit, in contrast, appear to lack such altruistic attitudes. Art dealers often also present discounts as a way of caring about an artist. Those in the local circuit often emphasized that they can easily give a discount if an artist is in “urgent need of money” (I7, New Delhi). Thus, in the local circuit, sentiments about true love for art and caring about artists support the legitimacy of discounts.
Strategies of giving discounts within the local circuit appear to reflect social hierarchies traditionally relevant in wider Indian society, such as, for example, "a deep respect for elders" (Lamb 2005: 82). Seniority therefore plays a role in decisions about giving discounts, and younger artists (or their art dealers) feel obliged to give discounts almost by definition: “bottom [default] discount is always a given for a young artist” (113, New Delhi). Another Delhi-based artist, who is able to afford a solo booth at the national art fair, makes the point that he is very happy to sell artworks at a 40% discount, which is “a huge deal” for a young artist like him (112). Following the same norm, an art dealer who specializes in senior but overlooked artists finds herself in a difficult situation with regard to pricing and discounts. She emphasizes that she cannot ask a moderate price and give big discounts because she works with senior artists, whose prices should reflect respect for their seniority (116).

In the local circuit, discounts do not threaten the aesthetic value of art. In fact, decisions about giving a discount apparently ignore the artwork itself. Artists and art dealers within the local circuit are thus sensitive to social hierarchies and norms informed by the wider Indian society.

**Relationships between the two circuits**

Although this analysis of the two circuits may have created the impression that they are autonomous of each other, while there are clearly two groups of actors who share considerably different values, the Indian art world is relatively small and the market is not saturated enough to form independent market sectors. Galleries from the two circuits are sometimes located in the same art clusters, like Lado Sarai in New Delhi. Close physical co-presence creates tensions. For example, all galleries, regardless of their approach to art commerce, are invited to participate in the India Art Fair. The fair would not be able to continue on its ambitious scale if it only selected galleries from just one circuit. Members of the international circuit (who are also on the selection committee of the fair) are quite critical of art dealers who do not organize their booths according to international standards of exposition (limiting the number of artists and artworks) but instead try to exhibit as much as they can. Nevertheless, they have to coexist under one tent and build a joint image of Indian contemporary art for potential buyers.

The overlap is caused not only by the geographical proximity of galleries, but also by the small number of collectors who regularly buy art. Besides, art dealers from the local circuit often sell artworks of the artists from the international circuit that they have in stock. Consequently, art dealers and artists form the core of the two circuits, while collectors, on the other hand, serve as “brokers” who

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9 Since dealers from the local circuit strive to provide a wide variety of choice for buyers, they frequently buy artworks of artists who are officially represented by galleries on the international circuit.
connect them and provoke constant indirect communication between them.

Lack of physical and social autonomy intensifies symbolic boundary work (see Lamont and Molnár 2002: 186) performed by the cores of the two circuits. Contradictory attitudes towards the practice of giving discounts create meaningful distinctions between circuits, whose members are not ignorant of the norms and values of their counterparts. On the contrary, explaining their position, artists and art dealers often refer to the others, who have a “wrong” approach to art commerce: they discount prices too much or keep the prices too high, they sell art indiscriminately or are too cautious about the artists and collectors that they deal with, and so on. The discourse of controlling and limiting discounts, developed in the international circuit, implies a criticism of the members of the other circuit, who are considered more interested in short-term economic profits rather than in art itself. The discourse of generousness developed in the local circuit, in turn, implies a critique of the “snobbish” and “disrespectful” attitudes of the members of the international circuit. Thus, the meanings of discount are shaped not only by the shared values of art market actors, but also by the juxtaposition of the two circuits in the Indian contemporary art market.

The distinction between internationally and locally oriented circuits follows the pattern of the cultural contradiction between “modern” (i.e. Western) and “traditional” or “pre-modern” (i.e. originally Indian, in this context) cultural values (Parsons 1951: 180-200, for more see Inglis and Thorpe 2012), which are also found in other sectors of the Indian economy (Nadeem 2009). I argue that this opposition is a crucial characteristic of the Indian market for contemporary art that allows identification of the patterns behind the different understandings of discounts. However, other meaningful divisions also exist in the market. For example, Mumbai art dealers claim that there is a difference in pricing strategies and organization of the art scene between Mumbai and New Delhi. While internationally oriented Mumbai art dealers have formed an informal association to communicate with each other, they claim that that would be impossible in Delhi (I46), where key art dealers presumably “cannot stay in the same room for long” due to long-standing hostility between them (I38). While the strategic sociability of Mumbai art dealers seems to have little effect on the understanding of the role of discounts in the market, division between circuits related to the location of a gallery in either of the cities can be more relevant to the analysis of other market practices, such as, for example, exclusive representation of artists.

Conclusion

This paper offers a cultural sociological perspective on the study of art markets. It argues that, in order to understand how a market operates, it is necessary to grasp the meanings behind the
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practices of art market actors. Empirically, it analyzes how culture organizes the Indian market for contemporary art in the example of justifications for giving (or not giving) discounts, discovers the potential richness of meanings of discounts in art markets, and reveals patterns in the diversity of these meanings for the Indian art market. While market actors perceive discounts as inevitable due to the economic recession, the legitimacy of discounts varies across the market. This paper distinguishes between two circuits, the internationally oriented circuit, with explicitly negative discourse about discounts, and the locally oriented circuit, whose members approve of discounts as a legitimate marketing tool.

In the international circuit, members are preoccupied with defending the aesthetic value of art, and so develop a discourse of controlling discounts, which presumably threaten it. In the local circuit, on the other hand, artists and dealers shape their activities based on the social norms and values of the Indian society. Developing and maintaining social relationships between artists, dealers and clients is what informs their market practices. As a result, they frame discounts in the discourse of caring for and respecting participants of the market.

The empirical findings of this paper show significant differences in the Indian art market compared with how discounts are framed in the art markets of United States or Western Europe (for more about these markets, see Velthuis 2005). While members of the internationally oriented circuit aim to organize their art market practices in a way similar to their colleagues in the West, the meanings of these practices transform in accordance with the local context. One example of this is how a negative attitude towards discounts in India takes the place of the taboo about reducing listed prices that exists in, for example, the United States and the Netherlands (Ibid.). Another striking difference is that discounts are often framed as gifts (also common in the Western art markets) in the local but not in the international circuit. These differences show that internationally acquired cultural norms are always transformed in local settings and that local rationalities emerge. Thus, looking at the variety of meanings behind observably similar practices (of giving or not giving a discount, in the case of this paper) allows both a better understanding of the composition of the market within the national borders, and also provides a more complex view of the position of its members in relation to the international norms of art commerce.

At the level of theory, this paper contributes to the literature on circuits of commerce. While Zelizer (2004) proposes that circuits of commerce are self-contained, this paper suggests that, first, the composition of circuits, i.e. their relation to each other, affects the meanings shared within circuits, and that two contradictory discourses about discounts allow members of different circuits to engage in boundary work referring to each other. Second, this paper proposes that crucial differences in the understanding of similar practices are possible even in the situation of circuits not existing
autonomously from each other. In India, “multiple markets” coexist on the same terrain of art fairs, art clusters and white cube spaces. Art collectors, who often buy art from members of different circuits, bridge both circuits. This ultimately suggests that circuits of commerce are not homogeneous, and that it is possible to distinguish between the core and peripheral members of circuits. While core members actively develop and defend circuit-specific values and understandings of market practices, those on the periphery serve other functions, such as transmitting information across the market and generating awareness about each other’s norms and values. These three arguments have not yet been explicitly addressed within the literature on circuits of commerce or illustrated with empirical research (see, for example, Antheby 2010, Mears 2011, Velthuis 2005, Wherry 2012a, Zelizer 2004), and taking them into consideration will broaden the scope of applicability of this research perspective and help refine its tools.