**Abstract**

India is the fifth largest retail destination globally. The retail market in India is facing slowdown with the ongoing financial crisis happening across the world markets. Since the markets always have internally linked with each other, the impact of the crisis is generally shared among all. The high level of inflation has been a wet blanket for the global markets. With the suddenly disturbed economical status, consumers are gradually losing interest on buying. India's retail sales growth fell sharply to 11 per cent in December 2008 from 34 per cent in the like period of 2007, according to a study by global consultancy firm KPMG.. Slowing sales resulting in lower inventory turnover and increasing working capital requirements to fuel growth have resulted in liquidity pressures for many domestic retailers. Factors like store rationalization, working capital management, regionalization, cost optimization and manpower resizing are some of the key "top of mind" issues for the retailers in the current context. This evolution had soon disappointed the hopes of retail industry. Even with the weight of America's mighty Wal-Mart Stores behind it, Bharti Enterprises is scaling back. Pantaloon Retail, India's largest merchant, run by Kishore Biyani, the boldest opportunist in the business, is seeing a severe setback. Eight months ago, Reliance restructured operations, shut around 20 Fresh stores, and laid off 13% of its 30,000 people. Worst hit is India's largest discount retailer, Subhiksha. The Chennai retail chain had expanded tenfold, to 1,655 outlets, in four years, funding its expansion largely by debt. It said a demand contraction following a slowdown in the domestic economy has impacted the sales of retailers; and urged the government to increase spending on infrastructure and other development initiatives