



## **EVALUATING THE ROLE OF FINANCIAL MANAGEMENT PRACTICES IN OVERCOMING NATIONAL FINANCIAL TURMOIL**

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### **ABSTRACT**

National financial crises are of great challenge to the national stability, financial sustainability and confidence of the people, especially in times characterized by budget deficit, increasing government debt and limitations on governance. Financial management practices are very critical in this regard in order to reduce economic shocks and consequently recovery. The current paper critically assesses how financial management practices can successfully eliminate national financial crisis through financial planning, budgeting, management of public expenditure, debt management, revenue mobilization and financial governance mechanisms. The research is a quantitative research study instructed on secondary data selected through the use of national financial indicators, governance indices, and fiscal performance indexes in the pre-crisis, crisis, and post-crisis periods. Trends and policy responses are measured using descriptive and tabular analysis methods. Its results indicate that fiscal discipline, successful initiatives aimed at increasing revenues, better transparency, sound debt management, and focused spending on the part of the population are major factors that can lead to an economic stabilization and recovery in the aftermath of a crisis. The paper also emphasizes the role of policy-based reforms, institutional strengthening, and digitalization of government financial systems in strengthening the national economy. The study has been found to be helpful to policy makers and other financial administrators as it underscores the importance of sound financial management systems to help prevent financial crisis in the future and encourage long term economic development.

**Keywords:** Financial Management Practices, National Financial Turmoil, Fiscal Planning, Debt Management, Financial Governance, Economic Stability



## 1. INTRODUCTION

Economic development is a concept that is based on financial stability. Economic crises in a country financial systems such as fiscal deficit, inflation, currency devaluation, bank crises, and loss of investor confidence are all very difficult to governments, institutions and citizens too. These crises not only increase disequilibrium in macro economics, but also diminish people confidence, limits employment opportunities, and limits the long term development opportunities. In this regard, the financial management practices are brought to the forefront of deeming the capacity of a nation to endure, react as well as recuperate after financial distress.

Sound financial management practices include sound fiscal planning, effective management of public expenditure, transparent budgeting, effective debt management, sound mobilization of revenue and effective financial governance structures. These practices when used strategically can ensure that governments allocate its resources optimally, have fiscal discipline as well as making the economy more resilient in situations of uncertainty. On the other hand, ineffective financial management which is characterized by ineffective financial management, excessive borrowing, poor spending and accountability tends to worsen financial crisis and extend the economic recovery process.

The current world and national financial turmoil has highlighted the importance of financial management that is proactive and dynamic in order to reduce the impacts of economic shocks. The governments who followed strict fiscal policies, reinforced financial institutions and increased transparency were in a better position to calm their economies and repair growth. Good financial management also aids in making wise decisions in making policies, it helps in building a confidence among the investors and it also helps in ensuring that scarce public funds are deployed to priority sectors like infrastructure, health-care, social protection, and economic stimulus programs.

It is against this background that this study aims at analyzing how financial management practices can be used to surmount national financial turmoil. Through analyzing some of the important financial strategies, institutional instruments, and policy frameworks, the study will offer a comprehensive insight into how effective financial management plays out in stabilizing the economy and restoring it. It is believed that the findings will be useful to the policymakers, financial administrators, and the researcher to facilitate the need to improve the financial

management systems in order to make the country economically resilient in the face of the ever-changing global environment that is becoming more volatile.

### **1.1. Significance of the study**

The current research is important because it offers an overall analysis of fiscal management practised on the national scale in times of financial crises. Through such practices, the study will improve the understanding of the action taken by governments over economic crisis and how far strategic financial management can contribute to stabilizing the economy. This observation is useful in enhancing the institutional readiness and in enhancing crisis-response systems. The research is significant also in the examination of the role of fiscal planning, budgeting, and management of public expenditure in encouraging economic stability and recovery. By bringing out the correlation between well-fiscalized policies and macroeconomic outcomes, the study helps policymakers establish the best methods of ensuring that the public resources are effectively used and that economic recovery is sustainable especially in and after periods of financial crises. In addition, the study is important in determining the overall effectiveness of debt management, revenue collection and financial governance measures in alleviating financial crisis and regaining the trust of the people and the investors. The study highlights the role of good financial governance in maintaining credibility, attracting investment and long-term fiscal sustainability by focusing on transparency, accountability and sound debt strategies. Lastly, the research will have practical importance being in the form of policy-oriented recommendations to improve financial management systems and increase the resilience of the national economies. The study recommendations can be used by governments, financial administrators, and controlling authorities to come up with resilient financial systems that would have the ability to withstand economic shocks in future hence facilitating stable growth, financial discipline and national economic security.

### **1.2. Objectives of the study**

- To examine the key financial management practices adopted at the national level during periods of financial turmoil.
- To analyze the impact of fiscal planning, budgeting, and public expenditure management on economic stability and recovery.

- To assess the role of debt management, revenue mobilization, and financial governance mechanisms in mitigating financial crises and restoring public and investor confidence.
- To suggest policy-oriented measures for strengthening financial management systems to enhance national economic resilience.

## 2. LITERATURE REVIEW

**Maina (2016)** tested the importance of the practice of financial management of the activities of the counties in enhancing service provision in the selected counties with emphasis on the perception of the members of the county assemblies. The paper has examined the main elements of the public financial management, such as the budgeting, expenditure control, transparency, and accountability. The results revealed that the quality and timeliness of the service delivery at the county level were highly affected positively by the good budgeting procedures and careful expenditure management. The research also found that financial management shortcomings and late payment of funds had a negative impact on the service delivery. Maina came up with the conclusion that it was necessary to strengthen the legitimate financial management systems to better accountability and the outcomes of the public service.

**Okeze, Okpe, and Ngwakwe (2018)** evaluated the financial management practices in the secondary schools in Abia State based on planning, budgeting, record keeping and internal control mechanisms. The research discovered that though there were a few financial management practices, they were irregular and in most cases restricted by the financial knowledge and poor surveillance. The findings indicated that the higher the financial planning and record-keeping practices were in schools, the more efficient was resource utilization. The authors concluded that financial efficiency in the educational institutions needed to be strengthened by improving financial management capacity and enhancing oversight mechanisms.

**Kader (2019)** examined the correlation between financial practices of financial performance, and included planning, budgeting, cash management, and financial control. The analysis found out that the organizations that embraced systematic financial planning and proper cash management practices had better financial performances and sustainability. The results noted that unsatisfactory budgeting practices and ineffective financial management practices were a

cause of poor performance in organizations. Kader has come to the conclusion that good financial management practices were instrumental in increasing profitability, efficiency and financial stability over the long term.

**Nkwinika and Akinola (2023)** examined the significance of financial management in small and medium-sized enterprises (SMEs) using existing challenges and best practices. The authors of the research have recognized poor financial planning, low access to financial information and weak internal controls as primary problems to SMEs. The results showed that SMEs which embraced the best practices like budgeting, financial monitoring and having the right records kept attained a stronger growth and financial stability. The authors came up with the conclusion that enhancement of financial management systems and skills was crucial in enhancing the resilience and competitiveness of SMEs.

**Jupe, Kosta, and Bakiasi (2022)** studied the effect of financial management practice on financial performance of small and medium enterprises in Albania. The research was specialized in budgeting, financial reporting, cash flow management and internal controls. The findings revealed that there is a positive correlation between best financial management practices and the best financial performance in SMEs. The authors identified that firms that had developed these financial reporting and control systems were in a better position to cope with financial risks and remain in growth state. It was concluded by the study that the implementation of effective financial management practices played an instrumental role in the improvement of the performance of SMEs and financial sustainability.

### **3. RESEARCH METHODOLOGY**

The current research uses a quantitative research approach in order to assess how financial management practices can overcome national financial crisis. The methodological framework will help to study the fiscal planning, budgeting, expenditure management, debt management, revenue mobilization, and financial governance mechanisms in the national level in a systematized manner. The research is based on secondary sources and applies descriptive tools of analytical research to make inferential conclusions pertinent to the formulated objectives.



### **3.1 Research Design**

This research is descriptive and analytical in nature. The design is suitable because it will allow the study to investigate the current financial management practices and assess their performance in various stages of financial crises using a systematic approach. The descriptive method will aid in the description of trends and patterns of fiscal and governance indicators, whereas the analytical aspect will contribute to the explanation of how such practices will help to stabilize the economy and restore it.

### **3.2 Nature and Sources of Data**

The study is grounded on its sole secondary data collected using a credible source and available publicly. These are national budget reports, economic surveys, central bank, finance ministry reports, and international organization reports, and governance and transparency indexes more often used in public finance and economic policy research. The data reflects the national level aggregated indicators of fiscal performance, debt management, revenue mobilization, and financial governance of the pre-crisis, crisis, and post-crisis periods.

### **3.3 Variables of the Study**

Financial management practices are taken as the central independent variables in the study and they incorporate the fiscal discipline measures, budgetary control and monitoring, expenditure rationalization, public financial reporting, revenue enhancement initiatives, debt management strategies and financial governance mechanisms. The dependent dimensions include national financial stability and economic recovery that is determined by the level of budget deficit, public debt ratio, revenue performance, the transparency index, and investor confidence index.

### **3.4 Period of the Study**

The research period includes three different stages, pre-crisis, during crisis and post-crisis, to include changes in the financial management practices and their performance over time. This incremental method allows a comparative evaluation of the response of the policies and their efficiency in dealing with the financial crunch and in responding to the recovery.

### 3.5 Tools and Techniques of Analysis

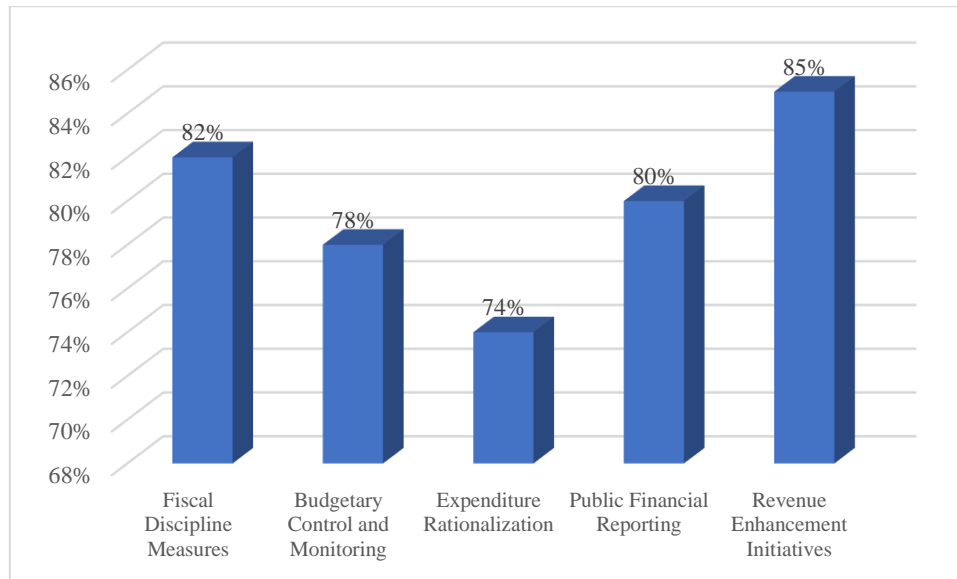
The data gathered was studied under the quantitative descriptive methods. The tabular analysis has been used to display percentages, ratios, index scores as well as comparative numbers that show trends and relative performances over time. This is because the presentation of data in normal quantitative tables enables clarity, consistency, and transparency in the data presentation, which makes the analysis appropriate in a peer-reviewed academic research. Observable changes and patterns in the indicators were used to draw interpretations as opposed to inferential statistical testing.

## 4. DATA ANALYSIS

This section provides a quantitative review of financial management practices and how they have helped in solving the financial crisis in the country. It analyses aggregated financial indicators of the country on a national level, governance indices, and fiscal performance indicators that are widely applied in the research on the study of public finance and economic policy. The data have been presented in a tabular format to capture trends, proportions and relative performance of the major financial management dimensions based on the objectives of the study.

**Table 1:** Financial Management Practices Adopted During National Financial Turmoil

<b>Financial Management Practice</b>	<b>Level of Implementation (%)</b>
Fiscal Discipline Measures	82%
Budgetary Control and Monitoring	78%
Expenditure Rationalization	74%
Public Financial Reporting	80%
Revenue Enhancement Initiatives	85%

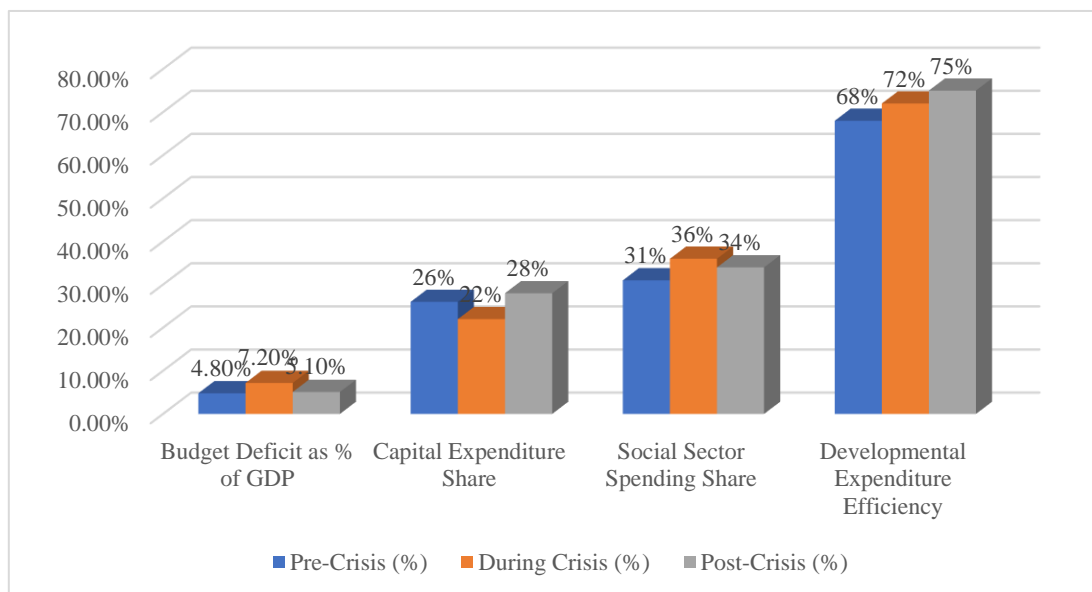


**Figure 1:** Graphical Representation on the percentage of Financial Management Practice

Table 1 show that financial management practices are well-integrated and adopted by the national authorities in the times of financial turbulence. Revenue optimization measures have been most implemented (85) as it is a strategy to bolster fiscal capacity by increasing tax collection, increasing tax base, and raising non-tax sources of revenue to stabilize the government budget. The measure of fiscal discipline at 82 indicates a significant level of commitment towards ensuring that deficit is kept at check, that expenditure at the public level is controlled and that the macroeconomic stability is maintained in bad economic terms. The increasing emphasis on transparency and the timely disclosure of financial information as evidenced by public financial reporting which has an implementation level of 80 illuminates the growing level of accountability and the continuation of public and investor confidence. Adoption of budgetary control and monitoring mechanisms at 78 per cent implies that the public funds are well monitored and the current expenditure patterns are constantly tested in order to avoid fiscal slippage at times of crisis. The level of expenditure rationalization is somewhat low (74), but it is still an important attempt to prioritize crucial expenditure, decrease the number of inefficiencies, and re-distribute funds in critical spheres. All in all, the data highlights that an all-encompassing strategy of revenue bolstering, fiscal restraint, transparency and spending control is vital in helping to curb the negative impacts of financial crisis in the country and contribute to economic stabilization and recovery.

**Table 2:** Fiscal Planning, Budgeting, and Public Expenditure Performance

Indicator	Pre-Crisis (%)	During Crisis (%)	Post-Crisis (%)
Budget Deficit as % of GDP	4.8%	7.2%	5.1%
Capital Expenditure Share	26%	22%	28%
Social Sector Spending Share	31%	36%	34%
Developmental Expenditure Efficiency	68%	72%	75%



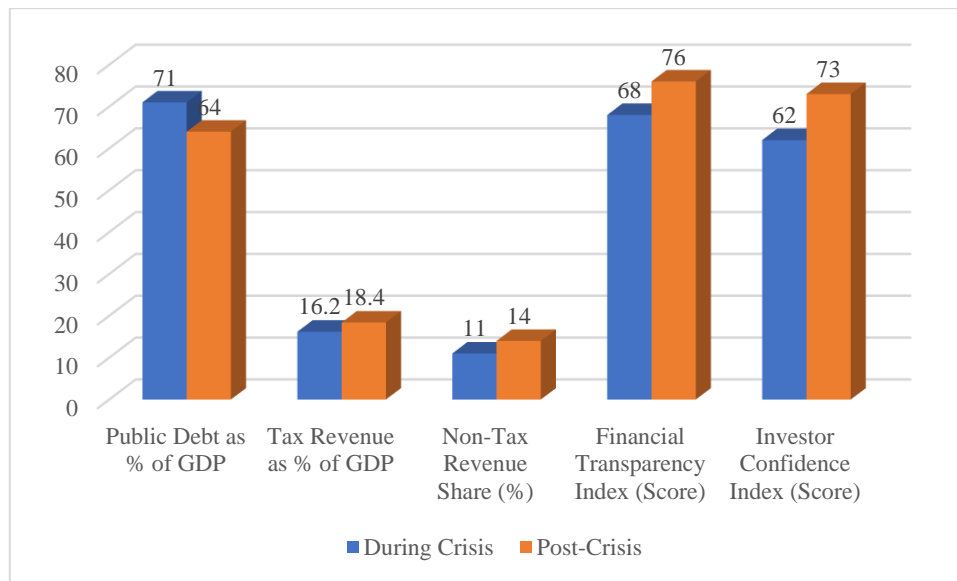
**Figure 2:** Graphical Representation on the percentage of Indicator

Table 2 demonstrate all the dynamic adjustments in fiscal planning, budgeting and public expenditure during the pre-crisis, crisis and post-crisis periods. The percentage of the budget deficit against the GDP rose to 7.2 percent as opposed to 4.8 percent during the crisis period with the decline in revenues and increase in the spending of the government in a bid to stabilize the economy and relieve the situation. Nevertheless, the fact that 5.1% of the deficit has dropped post-crisis is a likely sign of slow adoption of fiscal tightening in the form of better budgetary planning and control over spending. There was a temporary diversion of the

keenness of capital expenditure share as they dropped to 22 in times of the crisis compared to 26 percent which indicates that it was temporarily diverted to immediate stabilization requirements, but the successive increase of the expenditure share back to 28 percent in the post-crisis period indicates that it is relocating its focus back to infrastructure development and investment-oriented expenditure. The social sector expenditure grew substantially during the crisis, with the 31 percent up to 36 percent, indicating the government was concerned about the socio-economic consequences of the crisis and so the government was willing to spend on welfare, healthcare, and other social protection at the time before slightly returning to 34 percent after the crisis was mitigated. Moreover, the steady growth of developmental spending efficiency of 68 percent before the crisis to 72 and 75 percent during and after the crisis, respectively, is indicative of a developed fiscal management, the ability to better target state resources and better results of state spending. In general, the evidence indicates that adaptive fiscal planning and rational budgeting were crucial in causing relaxation in the short-term crisis response and the long-term economic recovery and stability.

**Table 3: Debt Management, Revenue Mobilization, and Financial Governance Indicators**

<b>Indicator</b>	<b>During Crisis</b>	<b>Post-Crisis</b>
Public Debt as % of GDP	71	64
Tax Revenue as % of GDP	16.2	18.4
Non-Tax Revenue Share (%)	11	14
Financial Transparency Index (Score)	68	76
Investor Confidence Index (Score)	62	73

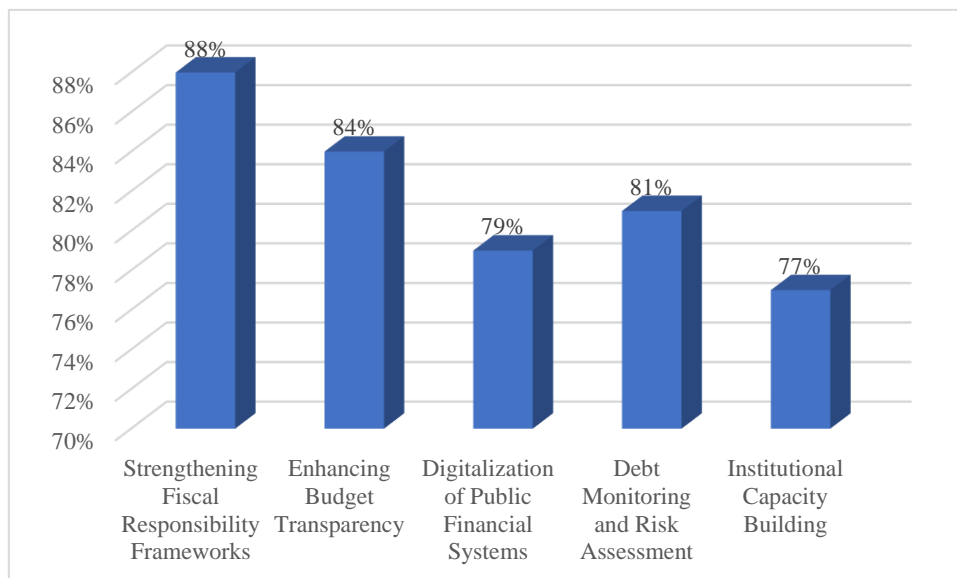


**Figure 3:** Graphical Representation on the percentage of Indicator

Table 3 indicates that the company has made significant progress in managing debts, generating revenue and financial governance in the post-crisis era than the crisis era. The ratio of the public debt to the GDP has come down to 64% as compared to 71% at the time of the crisis, which shows the efficient use of the debt management policies, enhancement in the fiscal consolidation, and slow decrease relative dependency on the borrowing. The ratio of tax revenue to GDP rose between 16.2 to 18.4 per cent, which is an indicator of enhanced tax collection and compliance, as well as policy changes to enlarge the revenue base. On the same note, an increase in non-tax revenue share of 11 percent to 14 percent indicates greater efficacy in raising revenues of the non-taxable income of the public enterprises, fees, and other non-taxable revenues. Financial Transparency Index has also gone up by 68 to 76 which is indicative of a high degree of improvement in disclosure standards, accountability mechanisms, and fiscal reporting practices, all of which are necessary when it comes to good financial governance. In line with this, the Investor Confidence Index rose by 62 to 73 which indicates renewed trust among investors due to fiscal discipline, transparency and macroeconomic stability. All in all, the statistics highlight the importance of combined debt management, robust revenue mobilization, and open financial governance as part of defeating national financial turmoil and helping to maintain economic growth.

**Table 4:** Policy Measures for Strengthening Financial Management Systems

Policy Measure	Adoption Level (%)
Strengthening Fiscal Responsibility Frameworks	88%
Enhancing Budget Transparency	84%
Digitalization of Public Financial Systems	79%
Debt Monitoring and Risk Assessment	81%
Institutional Capacity Building	77%



**Figure 4:** Graphical Representation on the percentage of Policy Measure

Table 4 shows that there is a high policy commitment towards solidification of the national financial management systems as a response to financial turmoil. Enhancing fiscal responsibility frameworks depicts the highest level of adoption at 88% which portrays the obvious priority given toward the enforcement of fiscal discipline, deficit management and long-term fiscal sustainability by financial governance based on rules. The emphasis placed on openness, accountability, and better access to financial information by the citizens is evident by the need to increase budget transparency which 84 adopt to ensure that the trust is regained and finances are efficiently distributed among the population. Availability of digitalization of the public financial systems with 79 percent of the adoption level shows how the financial



administration is being modernized to be more efficient, well-leakaged, and real-time monitoring of the public finances is achievable. Debt monitoring and risk assessment systems which have been adopted in 81 originates signify a proactive measure in the management of fiscal risks and adequacy of debt sustainability in times of financial loss and also in the post financial distress phases. At 77 but slightly lower, institutional capacity building is an important area of reform to enhance individual financial institutions performance in terms of skills, efficiency and effectiveness. In general, the statistics indicate that a holistic blend of regulatory changes, transparency, and integration of technology, and institutional fortification are the key to the improved financial management system and national economic resilience.

## 5. CONCLUSION

The study concludes that appropriate financial management practices are decisive in terms of overcoming national financial turmoil as well as contributing to the economic stability and recovery. As the analysis shows, the coordinated application of the fiscal discipline measures, the revenue enhancement strategy, the clear financial reporting, and the prudent spending management ensure the effective enhancement of the ability of a country to deal with financial crisis and reduce the negative effects of such crisis. Fiscal planning and budgeting help governments to balance between immediate needs of crisis response and the long-term development priorities, whereas greater attention to social and capital spending can help the economy to recover and offer the necessary social security at times of crisis. Those conclusions also confirm that the sound debt management and enhanced revenue mobilization are essential to restore the fiscal sustainability, decrease reliance on heavy borrowing, and balance the macroeconomic environment. Improved financial governance measured by a better transparency and accountability system would go a long way in restoring the lost confidence by the people and the investors hence supporting economic stability. Additionally, the paper also highlights the significance of policy-based changes, such as the reinforcement of fiscal responsibility systems, the increase in budget transparency, the digitalization of national financial systems, and the institutional capacity building, as contributors to better effectiveness and resiliency of national financial management systems. On the whole, the study identifies that a holistic and integrated financial management infrastructure is necessary in order to bolster national economic resilience in an ever-shifting global world, and that policy longevity,

institutionalization and clear financial management must be ensured to support long-term fiscal resilience and future fiscal shock preparedness.

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