**ABSTRACT**

This study investigates the effects of fiscal policy uncertainty on real sector output in Nigeria. The analysis is done on three major sectors of the economy, manufacturing, agriculture and oil sectors Covering 1970 to 2010. The methodology involves the estimation of contribution of these sectors to the growth rate of GDP through multiple linear regressions. Time series method was also used with each model representing each sector model one represent the model of fiscal policy uncertainty on the oil sector on the Nigerian economy in the oil sector, the result show that essential debt has positive and significant impact on oil GDP both in level and one year lag.

Also budget balance uncertainty also has a negative impact on oil sector GDP in both level and one year lag. The unit change in budget balance will result in a decline of 307 percent in oil GDP.

Model two which represents the effects of fiscal policy uncertainty on the manufacturing sectors of Nigeria economy. Similarly to what was obtained in mode one, the corporate tax uncertainty has negative and non significant impact on manufacturing sector GDP. The level of external debt uncertainty also has negative impact on GDP of the manufacturing sector.

Model three represents the effects of fiscal policy uncertainty on the agricultural sector of Nigeria economy. The result shows that corporate tax uncertainty has negative and significant impact on the contribution of agriculture to GDP. The impact of external debt on the agriculture is positive and significant. A unit change in external debt brings about 72 percent on agriculture GDP while a unit change in budget balance produces a 28 percent change in agricultural GDP. This research suggest among other thing that measures to ensure fiscal balance in other to reduce fiscal uncertainty and government should allow budgetary discipline especially on unnecessary expenditure items.