Economy of Pakistan heavily depends upon the employment rate and the production of electricity and energy. Employment and production have strong dependency on number of factors. In this thesis a study of various economic variables like Electricity Production, Energy Production, Employment in Agriculture, Employment in Industry and Employment in Services has been carried out in order to obtain a suitable prediction model for them. Data for this study has been obtained from World Development Indicator (WDI). A summary of the thesis is given below.

Firstly, an overview of the employment, productivity and their types has been given. The employment situation in Pakistan has also been illustrated.

The review of literature about the problem and about the technique used has been given in the following chapter.

A brief description of the technique has been given in order to have some idea about the complexity of the problem and its analysis.

In the last chapter the analysis of data has been given. The results obtained from these analyses have also been given in this chapter along with interpretation of the results. It has been found that the Vector Autoregressive (VAR) Models fit the employment and productivity reasonably well by considering the covariance structure of the variables involved. The univariate models do not consider this structure at all.