- Thesis Title: **"Impact of Oil Price and Shocks on Economic Growth of Pakistan: Multivariate Causality Analysis"**

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ABSTRACT

Oil is becoming the most prominent indicator of economic growth in Pakistan with increase of its demand. Also oil prices are doing their main contribution to impact the GDP of Pakistan including different shock dummies in data. In this study, Cobb-Douglas production function has used to construct four models by introducing total oil consumption and its three major sectors (Transport, Power and Industrial sector oil consumption) and Pakistan's oil price variable to investigate the impact on GDP. ADF (1979), Johansen Maximum Likelihood method of cointegration (1988) and Granger causality test by applying restriction on dynamic model are used to test the order of integration, Long run and short run dynamics and causal relationship between variable using annual data since 1972-2011 in context of Pakistan. Through examining the results the long run and dynamic relationship has detected for all the variables except total, industrial oil consumption and oil price variables for model has no short run impact on GDP. Oil prices impacting real GDP negatively in long run but positively in short run (Rasmussen and Roitman, 2011). There is evidence of causality between Oil consumption (including sectors) and economic growth.