

Report on Bachelor / Master Thesis

Institute of Economic Studies, Faculty of Social Sciences, Charles University in Prague

Student:	Jana Hortová
Advisor:	PhDr. Boril Šopov, MSc., LL.M.
Title of the thesis:	Price elasticity of household water demand in Czech Republic

OVERALL ASSESSMENT *(provided in English, Czech, or Slovak):*

The presented thesis deals with a topic of price elasticity of household demand for water. The thesis is written in clear English and in general the manuscript exceeds the average quality of bachelor theses.

Despite of referee's limited knowledge of specifics of water supply industry, the thesis is easy to read and logically guides the reader through its chapters. Especially, Chapter 3 puts the water supply industry into economic perspective. This chapter also revises economic mechanism and introduces the econometric model to be later estimated.

I would like to emphasize the difficulty of methods—panel data methods—the author chose to employ, since these are not standard for a bachelor level thesis. Following the author's claim, analysis with such dataset has never been carried out. Hence combining advanced methods with novel data set deserves high recognition in both areas: methods and contribution.

The econometric model is in log-log form which allows for easier estimation of elasticity of the assumed constant elasticity model described in previous chapters. Jana opts to include several control variables: lagged water consumption, average regional income, average yearly regional temperature, amount of rain falls, and a variable to control for % of retired in the region. The author correctly discusses possible endogeneity problem.

In Chapter 4, Jana arrives, after eliminating several variables, to a final model, which is estimated by fixed effects method. The final model contains four control variables, see p. 22.

Chapter 5 presents a detailed analysis on an original dataset with data for the Czech city of Kladno. This part deserves high appraisal, since this dataset is unique and required diligent preparation. The analysis follows a similar structure, yet adds other control variables. Moreover, this dataset allows controlling for household size by the number of its members.

The thesis shows a good example how an empirical analysis can be carried out laid on a strong economic theory. The author proved deep knowledge of econometrics and economics. The thesis is very clear and I suggest Jana to prepare a shortened version and to consider publishing. In conclusion, this is an excellent thesis; therefore I have no hesitation suggesting a grade 1 – Excellent.

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SUMMARY OF POINTS AWARDED (for details, see below):

CATEGORY	POINTS
<i>Literature</i> (max. 20 points)	18
<i>Methods</i> (max. 30 points)	28
<i>Contribution</i> (max. 30 points)	29
<i>Manuscript Form</i> (max. 20 points)	19
TOTAL POINTS (max. 100 points)	94
GRADE (1 – 2 – 3 – 4)	

NAME OF THE REFEREE: *PhDr. Boril Šopov, MSc., LL.M.*

DATE OF EVALUATION: *10th June 2013*

Referee Signature

EXPLANATION OF CATEGORIES AND SCALE:

LITERATURE REVIEW: *The thesis demonstrates author's full understanding and command of recent literature. The author quotes relevant literature in a proper way.*

Strong Average Weak
20 10 0

METHODS: *The tools used are relevant to the research question being investigated, and adequate to the author's level of studies. The thesis topic is comprehensively analyzed.*

Strong Average Weak
30 15 0

CONTRIBUTION: *The author presents original ideas on the topic demonstrating critical thinking and ability to draw conclusions based on the knowledge of relevant theory and empirics. There is a distinct value added of the thesis.*

Strong Average Weak
30 15 0

MANUSCRIPT FORM: *The thesis is well structured. The student uses appropriate language and style, including academic format for graphs and tables. The text effectively refers to graphs and tables and disposes with a complete bibliography.*

Strong Average Weak
20 10 0

Overall grading:

TOTAL POINTS	GRADE		
81 – 100	1	= excellent	= výborně
61 – 80	2	= good	= velmi dobře
41 – 60	3	= satisfactory	= dobře
0 – 40	4	= fail	= nedoporučuji k obhajobě