

Statistics Notes

B.Tech. CSE

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“All models are wrong, but some of them are useful”

~ George Box

1 Measures of Central Tendency

1. Mean
2. Median
3. Mode

1.1 Mean

It is the ratio of sum of all the observations to the total number of observations. let x_1, x_2, \dots, x_n be all the observations. then:

$$\bar{x} = \frac{\sum_{i=1}^n x_i}{n}$$

1.1.1 Properties of Mean

- The sum of deviation of observations from mean is always zero
- the sum of square of deviations of observations is minimum as compared to any other measure.
- suppose there are two sequences:

	Series 1	Series 2
Number of observations	n_1	n_2
mean of the observations	\bar{x}_1	\bar{x}_2

then

$$\bar{x} = \frac{n_1 x_1 + n_2 x_2}{n_1 + n_2}$$

Problem 1

If there are 5 and 8 number of observations of 2 series with mean 15 and 18, find the combined mean

Solution:

We can get the solution by taking the weighted mean of the two sequences.
so the required mean is :

$$\begin{aligned} & \frac{5 \times 15 + 8 \times 18}{5 + 8} \\ &= \frac{75 + 144}{13} \\ &= \frac{219}{13} \\ &= 16.846154 \end{aligned}$$

Problem 2

Class	frequency
0-10	3
10-20	5
20-30	7
30-40	4
40-50	1

Solution:

change of origin:

Class	frequency	X	d=X-A	f·d
0-10	3	5	-20	
10-20	5	15	-10	
20-30	7	25	0	
30-40	4	35	10	
40-50	1	45	20	

$$\bar{x} = A + \frac{\sum fd}{n}$$

change of scale

Class	frequency	X	d=X/n	f·d
0-10	3	1	-20	
10-20	5	3	-10	
20-30	7	5	0	
30-40	4	7	10	
40-50	1	9	20	

$$\bar{x} = A + \frac{\sum fd}{n}$$

1.2 Median

Steps to find Median in case of Discrete and continuous data:

1. Arrangement of data
2. if n is odd then the median is the $\frac{n+1}{2}$ th term
3. if n is even then the median is the mean of the $\frac{n}{2}$ th term and $\frac{n}{2} + 1$ th term

Problem 3

find the median for the data :

1. 9,9,10,10,12,13,15
2. 9,9,10,10,12,13,14,15

Solution:

1. 9,9,10,10,12,13,15 has 7 elements. Therefore our median will be the 4th term in the arranged order
 $\therefore \text{Median} = 10$
2. 9,9,10,10,12,13,14,15 has 8 elements. Therefore our median will be the mean of the 4th and 5th terms.
 $\therefore \text{Median} = \frac{10+12}{2} = 11$

Problem 4

Finding the median of discrete data.

X	f	cf(cumulative frequency)
1	5	5
2	8	13
3	9	22
4	12	34
5	6	40
6	7	47
7	4	51
Total	51	

find the value of x which has cumulative frequency just greater than $\frac{n}{2}$

In case of continuous data:

$$\text{Median} = l + \frac{\left(\frac{n}{2} - cf\right) h}{f}$$

where cf is the cumulative frequency and f is the frequency of the chosen class, h is the class size

1.3 Mode

The observation which occurs the most is called the mode of the data.

In more general terms, the most probable observation in a dataset is the mode of the data.

Problem 5

Find mode for the following data: 10,11,15,18,18,18,15,10,18,20

Problem 6

Find the mean, median and mode for the following data

CI	f
0-10	3
10-20	5
20-30	7
30-40	2
40-50	1
Total	51

How to find the mode for continuous data

1. Find the modal class which is having the maximum frequency.
2. based on that input the values into the following formulae:

$$mode = l + h \left(\frac{f_1 - f_2}{2f_1 - f_0 - f_2} \right)$$

1.4 The interconnection between the measures of central tendency

$$Mode = 3Median - 2Mean$$

1.5 Geometric and Harmonic mean

Defⁿ :

Geometric mean is defined as the n th root of the product of n observations

Mathematically:

$$GM = \sqrt[n]{\prod_{i=0}^n x_i}$$

Problem 7

Find the Geometric Mean for the values 2,4,8

Defⁿ :

Harmonic mean is defined as the reciprocal of arithmetic mean of the reciprocal of all the observations

$$HM = \frac{n}{\sum_{i=1}^n \frac{1}{x_i}}$$

Theorem:

The following inequality is always true:

$$AM \geq GM \geq HM$$

1.6 Histogram

Histogram can also be used to compute the value of mode.

1.7 Ogive

Ogives are used to compute the value of median. They are nothing but graphs of cumulative distribution functions.

The point of intersection of two ogives gives the median.

1.8 Quartiles

Quartiles are the values which divide the dataset into 4 equal parts. These points are called Q_1, Q_2, Q_3 .

$$Q_1 = l + \frac{\left(\frac{n}{4} - cf\right) h}{f}$$

$$Q_2 = l + \frac{\left(\frac{n}{2} - cf\right) h}{f}$$

$$Q_3 = l + \frac{\left(\frac{3n}{4} - cf\right) h}{f}$$

1.9 Deciles

Deciles are the values which divide the dataset into 10 equal parts.

1.10 Percentiles

Percentiles are the values which divide the dataset into 100 equal parts.

To find the x th percentile we can use the following formulae:

$$p_x = l + \frac{\left(\frac{xn}{100} - cf\right) h}{f}$$

2 Measures of Spread/Dispersion

Measures of spread are a numerical quantity to signify the variation in the observations.

Dispersion means the scatterment of observations.

There are a number of ways to get a gist of the Dispersion.

1. Range: it is the difference between the maximum and minimum value of the dataset.
2. Quartile Deviation: It is equal to $\frac{Q_3 - Q_1}{2}$
3. Mean Deviation: It is the arithmetic mean of absolute value of deviation of observations from average.

$$\begin{aligned} MD &= \frac{\sum |x - \bar{x}|}{n} (Discrete) \\ &= \frac{\sum f|x - \bar{x}|}{N} (Continuous) \end{aligned}$$

4. Standard deviation: It is the positive squareroot of arithmetic mean of square of deviation of observations from mean. It is denoted by σ . This is applicable when your mean is an integer.

$$\sigma = \sqrt{\frac{\sum (x - \bar{x})^2}{n}} (\text{helpful when mean is integral})$$

$$\sigma = \sqrt{\frac{1}{n} \left(\sum x^2 - \frac{(\sum x)^2}{n} \right)} (\text{helpful when mean is non - integral and } x \text{ is small})$$

This is an alternate derivation of the formulae $V = E[X^2] - E[X]^2$

$$d = x - a; \sigma = \sqrt{\frac{1}{n} \left(\sum d^2 - \frac{(\sum d)^2}{n} \right)} (\text{helpful when mean is non - integral and } x \text{ is large})$$

5. Variance: It is the square of standard deviation.

$$V = \sigma^2$$

2.1 Coefficient of variation

It is another way of measuring the spread. It is analogous to standard deviation with respect to the mean.

$$CV = \frac{\sigma}{\bar{X}} \times 100$$

Suppose there are two sequences with n_1 and n_2 observations.
 \bar{x}_1 and \bar{x}_2 are their means.

their combined variance will be:

$$\sigma^2 = \frac{2}{n_1 + n_2} [n_1(\sigma_1^2 + d_1^2) + n_2(\sigma_2^2 + d_2^2)]$$

where $d_i = \bar{x}_i - \bar{x}$. here \bar{x} is the combined mean of the series.

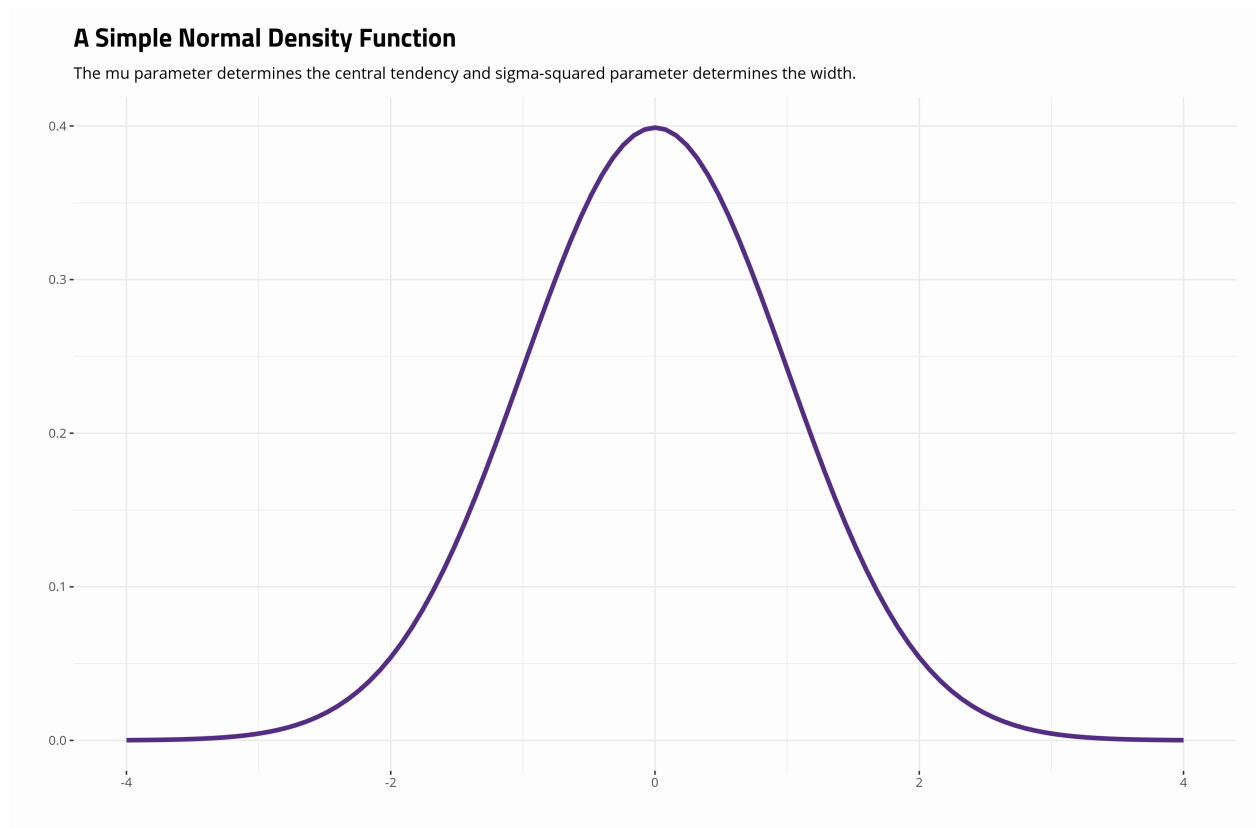
2.2 Skewness and Kurtosis

While studying a distribution we can calculate the measures of central tendency and the measures of spread. However even this information is not enough to determine the behavior of the random variable distribution. In order to further narrow down in the analysis of the behavior of the variable we study the skewness of the distribution.

A distribution is called skewed if:

- The Measures of central tendencies do not coincide.
- The curve does not follow gaussian nature.
- The quartiles are not equidistant from the median.

- Some of the positive deviations from median is not equal to the sum of negative deviations from the median.



There can be two types of skewness:

1. Positive skewness (Right skewed)
2. Negative skewness (Left skewed)

$$S_k = \text{Mean} - \text{Mode} \begin{cases} = 0 & \text{if data is symmetrical} \\ > 0 & \text{if data is positively skewed} \\ < 0 & \text{if data is negatively skewed} \end{cases}$$

2.2.1 Positive skewness

In this most of the values lie to the right to the peak.

one way to determine this is that $\text{mode} > \text{median} > \text{mean}$

2.2.2 Negative skewness

In this most of the values lie to the left to the peak.

one way to determine this is that $\text{mode} < \text{median} < \text{mean}$

2.2.3 Moments

Arithmetic mean of various powers of deviation of observation from mean.

$$\mu_r = \frac{\sum (x - \bar{x})^r}{n}$$

1. $\mu_1 = 0$
2. $\mu_2 = \text{variance}$
3. $\mu_3 = \text{skewness}$
4. $\mu_4 = \text{kurtosis}$

2.2.4 Coefficient of skewness:

$$\beta_1 = \frac{\mu_3^2}{\mu_2^3}$$

$$\gamma_1 = \frac{\mu_3}{(\sqrt{\mu_2})^3}$$

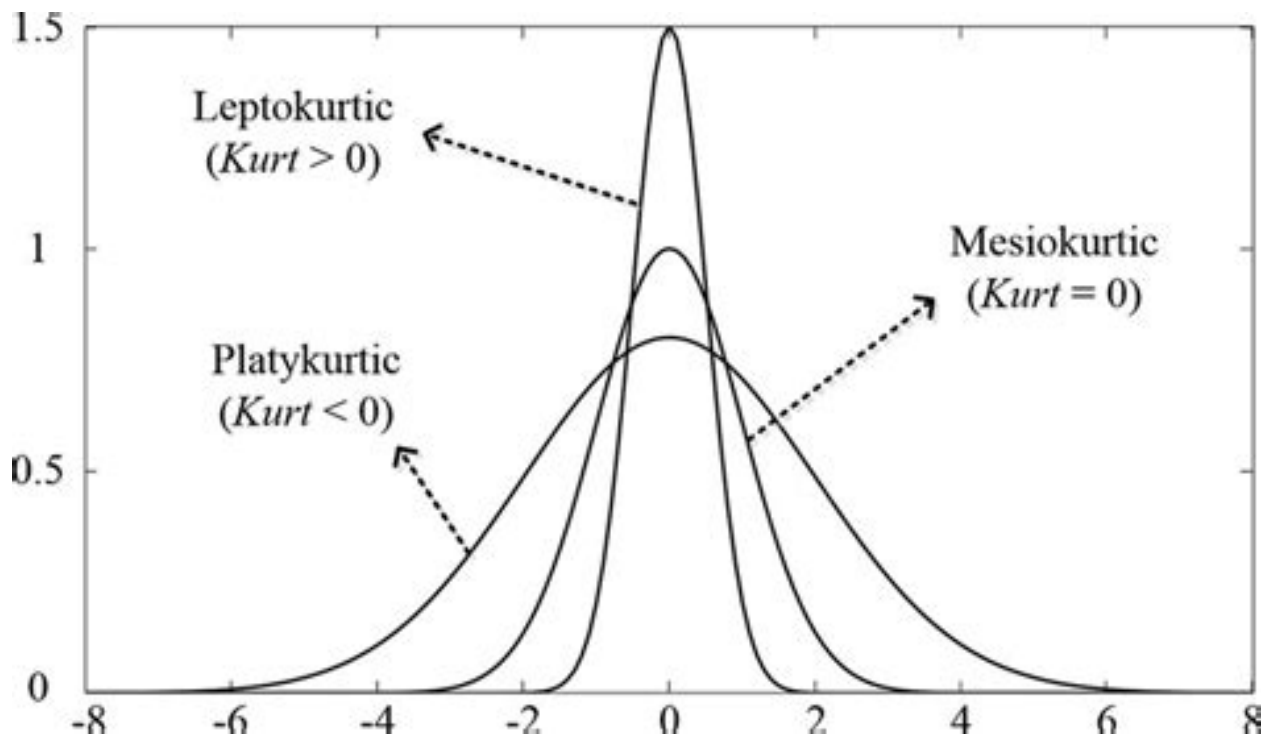
if $\gamma_1 = 0$ the data is symmetrical.

if $\gamma_1 > 0$ the data is right skewed.

if $\gamma_1 < 0$ the data is left skewed.

2.2.5 Kurtosis

It measures the flatness or peakness of the distribution.



$$\beta_2 = \frac{\mu_4}{(\mu_2)^2}$$

$$\gamma_2 = \beta_2 - 3$$

$$Distribution = \begin{cases} Mesokurtic, & \text{if } \gamma_2 = 0 \\ Leptokurtic, & \text{if } \gamma_2 > 0 \\ Platykurtic, & \text{if } \gamma_2 < 0 \end{cases}$$

3 Probability

Probability is the measure of belief that a certain event will occur.

3.1 Prerequisites

Defⁿ :

Trial:

Suppose an experiment is repeated under identical and homogeneous conditions does not give unique result but may result in one of several possible outcomes. The experiment is known as a random experiment or a Trial.

For example: the toss of a coin.

The outcome of a Trial is known as an **event**.

Defⁿ :

Exhaustive events:

The set of all the simple events that can occur in a trial are called exhaustive events. The cardinality of the sample space can be found out using basic Combinatorics.

Problem 8

What would be the sample space of the experiment in which 2 coins are tossed together.

Solution:

{HH,HT,TH,TT}

Defⁿ :

Mutually Exclusive Events:

Events are mutually exclusive if no two or more than 2 events occur simultaneously in the same trial

Mathematically, two events E and F are mutually exclusive $\iff E \cap F = \phi$

Defⁿ :

Favourable events:

The number of simple events favourable to the happening of an event.

Defⁿ :

Equally likely events:

This means that events have equal chances of occurrence.

Defⁿ :

Independent events:

Two events are called Independent if the occurrence of one event does not influence the occurrence of the other.

Mathematically, Two events are independent if

$$P(E \cup F) = P(E) \times P(F)$$

3.2 Definition of Probability

3.2.1 Mathematical or Empirical Probability

The probability of an event E is

$$P(E) = \frac{\text{number of simple events favourable to } E}{\text{Total number of simple events}}$$

Suppose there are total of n number of events and the number of events favourable for a certain event are m . then the probability will be $\frac{m}{n}$.

Then the number of events unfavourable to the same event is $n - m$ and the probability will be $\frac{n-m}{n}$

Axiomatically:

$$P(E) = 1 - P(\overline{E})$$

and

$$0 \leq P(E) \leq 1 \quad \forall E \subset \Omega$$

3.2.2 Statistical Probability

The probability of an event E is

$$P(E) = \frac{\text{number of simple events favourable to } E}{\text{Total number of simple events}}$$

3.2.3 Axiomatic Probability

Consider a sample space S . The probability is a function that assigns a non-negative value to every event, say A denoted by $P(A)$ is called the probability of an event A if it satisfies the following properties.

1. $P(A) \in [0, 1] \forall A \subset S$
2. $P(S) = 1$
3. $P(\bigcup_{i=1}^n A_i) = \sum_{i=1}^n P(A_i)$ where each A_i is a mutually exclusive event

3.3 Addition law of Probability

If A and B are two events and are not mutually exclusive, so :

$$P(A \cup B) = P(A) + P(B) - P(A \cap B)$$

3.4 Multiplication Law of Probability

$$P(A \cup B) = P(A) \cdot P(B|A)$$

if A and B are independent then $P(B|A) = P(B)$ and

$$P(A \cup B) = P(A) \cdot P(B)$$

3.5 Bayes Theorem

If $E_1, E_2, E_3 \dots E_n$ are n mutually exclusive events with $P(E_i) > 0 \forall i$ then for any event A which is a subset of $\bigcup_{i=1}^n E_i$

$$P(E_1|A) = \frac{P(E_1)P(A|E_1)}{\sum_{i=1}^n P(E_i)P(A|E_i)}$$

Here $P(E_i|A)$ is called Posterior Probability.

Problem 8

A class consists of 5 girls and 7 boys. If a committee of 3 is to be chosen at random what is the probability that

1. 3 boys are selected (Ans = 0.159)
2. exactly 2 girls are selected (Ans = 0.318)

Solution:

- 1.
- 2.

3.6 Random Variables

Axiomatically a Random variable is a variable which takes values at random. A random variable is a variable X that assigns a real number for each and every outcome.

For example, the number of heads in two tosses of a coin.

There are two types of Random variable:

1. Discrete Random Variable:
A random variable which takes countably many values.
2. Continuous Random Variable:
A Random variable which takes uncountably many values.

There are two types of probability functions:

1. Probability mass functions:

The function is said to be a PMF if :

(a) $0 \leq P(X) \leq 1$

(b) $\sum_{x \in \Omega} P(X) = 1$

2. Probability density functions:

It gives a measure of how likely the variable is to lie in the neighbourhood of a point. The function $f_X(x)$ of the numeric values of a continuous random variable is said to be a PDF if it satisfies:

(a) $f_X(x) \geq 0 \forall x$

(b) $\int_{-\infty}^{\infty} f_X(x) = 1$

(c) $P(a < x < b) = \int_a^b f_X(x) dx$

Problem 9

A coin is tossed 3 number of times. Lets say X be the number of times Head appears.

Solution:

Problem 10

A shipment of 8 microcomputers to a retailer outlet contains 3 defectives. if a school makes a random purchase of 2 computers find the probability distribution for the number of defectives.

Problem 11

In an experiment of tossing 3 coins, obtain the probability distribution of:

1. X denotes the number of heads
2. Y denotes number of head runs
3. Z the number of successive heads
4. $X + Y$
5. XY

3.7 Expectation of Random Variables

Defⁿ:

if X is a random variable, the expectation of X is denoted as $E(X)$.

$$E(X) = \sum_{x \in \Omega} x f_X(x)$$

$$E(X) = \int_{x \in \Omega} x f_X(x) dx$$

Properties of Expectation;

1. $E(aX) = aE(X)$
2. $E(a) = a$
3. $E(aX + b) = aE(X) + b$

3.8 Variance of a random variable

$$V(X) = E(X^2) - E(X)^2$$

Properties of variance:

1. $V(aX) = a^2 V(X)$
2. $V(a) = 0$
3. $V(aX + b) = a^2 V(X)$

3.9 Standard deviation of a random variable

$$\sigma(X) = \sqrt{V(X)}$$

3.10 Moment generating functions

If X is a random variable, then the moment generating of X , denoted as

$$M_X(t) = \sum_n e^{tx} f_X(X)$$

$$M_X(t) = \int_{\mathbb{R}} e^{tx} f_X(x) dx$$

3.11 Probability Distributions

There are a number of probability distributions that arise naturally and must be kept in the back of one's mind. These can also be categorized in basically 2 categories:

- Discrete Distributions
 - Uniform distribution
 - Bernoulli trials
 - Binomial distribution

- Poisson distribution
- Negative Binomial distribution
- Geometric distribution
- Hypergeometric distribution

- Continuous Distributions

- Uniform distribution
- Normal distribution
- Exponential distribution
- Beta distribution
- Gamma distribution

3.11.1 Uniform distribution

If a variable takes the values $1, 2, 3, \dots, n$ with equally likely probability it is said to follow Uniform distribution with parameter n . Mathematically, if we name the variable X we can say:

$$X \sim Uniform(n)$$

The pmf of such a distribution is as follows:

$$f_X(x) = \begin{cases} \frac{1}{n} & \forall x \in \{1, 2, 3, \dots, n\} \\ 0 & \text{Otherwise} \end{cases}$$

The mean of this distribution is $\frac{n+1}{2}$.

The variance of Uniform distribution is $\frac{n^2-1}{12}$.

3.11.2 Bernoulli trials

An event which has only two outcomes has can be modelled as a Bernoulli trial, where each outcome is encrypted as either a success or a failure. The parameter of a Bernoulli trial is p , where p is the probability of success. Mathematically we can write:

$$X \sim Bernoulli(p)$$

The pmf of such a distribution is as follows:

$$f_X(x) = \begin{cases} p & , x = 1 \\ (1 - p) & , x = 2 \\ 0 & , \text{Otherwise} \end{cases}$$

The Expectation of A Bernoulli RV is p and the variance is $p(1 - p)$ or pq where q is the probability of failure.

3.11.3 Binomial distribution

Multiple independent and identically distributed Bernoulli trials put together act as Binomial distribution. Apart from p , which still acts as the probability of success we gain another parameter n which denotes how many times we let the event occur. When we have to denote this mathematically, we write:

$$X \sim \text{Binomial}(n, p)$$

The pmf of Binomial distribution is:

$$f_X(x) = \begin{cases} \binom{n}{x} p^x (1-p)^{n-x} & , \forall x \in \{0, 1, 2, \dots, n\} \\ 0 & , \text{Otherwise} \end{cases}$$

The expectation of Binomial distribution is np and the variance is $np(1-p)$.

3.11.4 Poisson distribution

Poisson distribution is used to model the number of times an event occurs in a fixed interval, given that the probability of the event happening at any point of time is constant. Binomial distribution tends to Poisson distribution when $n \rightarrow \infty$ and $p \rightarrow 0$.

The pmf of poisson distribution is as follows:

$$f_X(x) = \begin{cases} \frac{e^{-\lambda} \lambda^x}{x!} & , \forall x \in \mathbb{Z}_0^+ \\ 0 & , \text{Otherwise} \end{cases}$$

Here λ is the parameter of the distribution which signifies how many times the event is expected to happen in the given interval. We say a RV $X \sim \text{Poisson}(\lambda)$ when we expect the event to happen λ times in the set interval.

As expected, the expectation of Poisson distribution is λ and coincidentally the variance is numerically equal to the expectation.

3.11.5 Negative Binomial distribution

Suppose there are n bernoulli trials that are independent and the probability of success remains constant from trial to trial. Let $f(x; r, p)$ denotes the probability that there are x failures preceding the r th success in $x + r$ trials. Now the last trial must be a success whose probability is p . In the remaining $x + r - 1$ trials we must have $r - 1$ successes whose probability is given by:

$$\binom{x+r-1}{r-1} p^{r-1} q^x$$

A Random variable X is said to follow negative binomial distribution with parameters r and p if the pmf is given as:

$$f_X(x) = \begin{cases} \binom{x+r-1}{r-1} p^{r-1} q^x & , x \in \mathbb{Z}_0^+ \\ 0 & , \text{otherwise} \end{cases}$$

The mean of this distribution is $\frac{rq}{p}$ and the variance is $\frac{rq}{p^2}$

3.11.6 Geometric distribution

Suppose we have a series of independent trials and in each trial the probability of success p remains same, then the probability that there are x failures preceding the first success is: ($X \sim Geo(p)$)

$$f_X(x) = \begin{cases} q^x p & , x \in \mathbb{Z}_0^+ \\ 0 & , otherwise \end{cases}$$

Mean: $\frac{q}{p}$

Variance: $\frac{q}{p^2}$

3.11.7 Hypergeometric Distribution

This distribution is used when the population is finite and the sampling is done without replacement.

e.g. Consider an urn with N balls, M of which are white and $N - M$ of them are red. Suppose we want to draw a sample of n from the urn, then the probability of getting k white balls is:

A discrete random variable is said to follow Hypergeometric distribution if it only assumes non-negative values and the pmf is given as:

$$f_X(x) = \begin{cases} \frac{\binom{M}{x} \binom{N-M}{n-x}}{\binom{N}{n}} & , x \in \mathbb{Z}_0^+ \\ 0 & , otherwise \end{cases}$$

4 Continuous Distributions

4.1 Distributions

4.1.1 Uniform Distribution

A RV X is said to follow continuous uniform distribution ($X \sim Uniform[a, b]$) over an interval $[a, b]$ ($a < b$) if it has a pdf as follows:

$$f_X(x) = \begin{cases} \frac{1}{b-a}, & x \in [a, b] \\ 0, & otherwise \end{cases}$$

If plotted, the pdf takes the shape of a rectangle. Thus this is also called rectangular distribution. The cdf of this distribution takes the following form:

$$F_X(x) = \begin{cases} 0 & , x \leq a \\ \frac{x-a}{b-a} & , a < x < b \\ 1 & , x \geq b \end{cases}$$

Here a and b are the parameters of the distribution.

$$E(X) = \frac{a+b}{2}$$

$$V(X) = \frac{b^2 - a^2}{12}$$

Problem 11

A wire of length a units is divided into two parts. If the part of random length X is uniformly distributed then find expectation and variance of X .

Presentation topic:
Continuous Distributions

4.1.2 Normal Distribution

Also called Gaussian or Symmetric Distribution. A RV X is said to follow normal distribution with parameters μ, σ^2 where μ is the mean and σ^2 is the variance.

The pdf of such a variable is:

$$f(x) = \frac{1}{\sqrt{2\pi\sigma^2}} e^{-\frac{1}{2}\left(\frac{x-\mu}{\sigma}\right)^2}$$

Mathematically, we can denote this RV as: $X \sim N(\mu, \sigma^2)$

Standard normal variate (Z) is

$$\frac{X - \mu}{\sigma}$$

The Standard normal variate of any $X \sim N(\mu, \sigma^2)$ follows the Standard normal distribution, which is $N(0, 1)$.

Properties of Normal Distribution:

1. The Probability Density function of Normal Distribution is bell shaped and symmetrical.
2. The Mean, Median and Mode of the Distribution coincide.
3. $\beta_1 = 0$ and $\beta_2 = 3$
4. Quartile Deviation : Mean Deviation : Standard Deviation :: 10:12:15
5. The probability under this curve is 1. Partwise we can say:

$$\begin{aligned}P(X \in (\mu - \sigma, \mu + \sigma)) &= 0.6826 \\P(X \in (\mu - 2\sigma, \mu + 2\sigma)) &= 0.9544 \\P(X \in (\mu - 3\sigma, \mu + 3\sigma)) &= 0.9973\end{aligned}$$

Problem 13

X is normally distributed with mean 12 and standard deviation 4. Find the probability that $X \geq 20$ and $X \leq 20$ (0.0228 and 0.9172)

Problem 14

X is a normal variate with mean 30 and variance 25. Find the probability that $26 \geq X \geq 40$ and $X \geq 45$. ()

4.1.3 Gamma Distribution

or First of all, this is the gamma function:

$$\Gamma_{\alpha} = \int_0^{\infty} x^{\alpha-1} e^{-x} dx$$

Coincidentally,

$$\Gamma_n = (n-1)! \quad \forall n \in \mathbb{Z}$$

And

$$\Gamma_{\frac{1}{2}} = \pi$$

A Continuous Random variable X is said to follow Gamma Distribution with parameters α, β if the density function is given as

$$f_X(x) = \frac{1}{\beta^\alpha \Gamma_\alpha} x^{\alpha-1} e^{-\frac{x}{\beta}}$$

The mean of Gamma Distribution is $\alpha\beta$.

The variance of Gamma Distribution is $\alpha\beta^2$.

4.1.4 Exponential Distribution

This is a particular case of Gamma Distribution where $\alpha = 1$. Thus the pdf becomes:

$$f_X(x) = \frac{1}{\beta} e^{-\frac{x}{\beta}}$$

The mean of Gamma Distribution is β .

The variance of Gamma Distribution is β^2 .

Let x = the amount of time (in years) a computer parts lasts.

$$\mu = 10$$

so

$$m = \frac{1}{\mu} = \frac{1}{10} = 0.1$$

Find $P(x > 7)$. Draw the graph.

$$P(x > 7) = 1 - P(x < 7)$$

Since $P(X < x) = 1 - e^{-mx}$ then,

$$P(X > x) = 1 - (1 - e^{-mx}) = e^{-mx}$$

$$P(x > 7) = e^{(-0.1)(7)} = 0.4966$$

λ is mean number of events per unit time. X is a random variable denoting time required for the first event to occur. Then the probability of no events occurring in span upto time t is:

$$P(0, \lambda t) = \frac{e^{-\lambda t} (-\lambda t)^0}{0!} = e^{-\lambda t}$$

The probability that the length of time until first event will exceed x is same as the probability that no poisson event will occur in x .

The density of Exponential distribution with λ as a parameter is:

$$f_X(x) = \begin{cases} \lambda e^{-\lambda x} & , x > 0 \\ 0 & , otherwise \end{cases}$$

From the previous formulae the difference is $\lambda = \frac{1}{\beta}$

Thus the mean is $\frac{1}{\lambda}$.

Thus the variance is $\frac{1}{\lambda^2}$.

4.1.5 Beta Distribution

The Beta function is as follows:

$$B(\alpha, \beta) = \int_0^1 x^{\alpha-1} (1-x)^{\beta-1} dx$$

The pdf of the beta distribution is

$$f_X(x) = \frac{1}{B(\alpha, \beta)} x^{\alpha-1} (1-x)^{\beta-1} \quad \forall 0 < x < 1$$

The mean of the Beta distribution is $\frac{\alpha}{\alpha+\beta}$

The variance of the Beta distribution is $\frac{\alpha\beta}{(\alpha+\beta)^2(\alpha+\beta+1)}$

4.1.6 Lognormal Distribution

Here we study $Y = \ln X$ where $X \sim N(\mu, \sigma^2)$

The pdf of this distribution is:

$$\frac{1}{\sqrt{2\pi}\sigma_x} e^{\frac{-1}{2\sigma^2}(\ln x - \mu)^2}$$

The mean of this distribution is going to be: $e^{\mu + \frac{\sigma^2}{2}}$

The variance of this distribution is going to be: $e^{2\mu + \sigma^2}(e^{\sigma^2} - 1)$

4.1.7 Weibull Distribution

A random variable X is said to follow Weibull Distribution with parameters α and β if it follows a pdf as follows:

$$f_X(x) = \begin{cases} \alpha\beta x^{\beta-1} e^{-\alpha x^\beta}, & x > 0 \\ 0, & \text{elsewhere} \end{cases}$$

5 Joint Random Variables

5.1 Statistical Independence of Random Variables

Two Random Variables X and Y are said to be independent if and only if:

$$f_{XY}(x, y) = f_X(x)f_Y(y)$$

5.2 Mean and variance of JRV