# CAR RESALE VALUE PREDICTION

## A PROJECT REPORT

# Submitted by

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THAMIRABHARANI ENGINEERING COLLEGE, TIRUNELVELI

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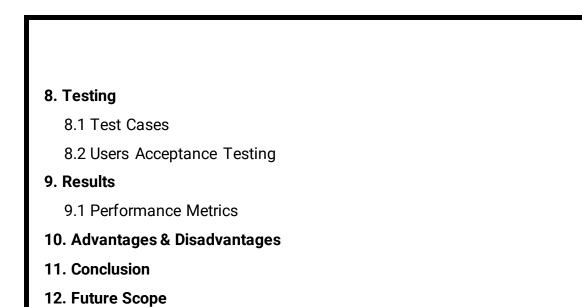
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#### 1. INTRODUCTION

#### 1.1 Project Overview:

With difficult economic conditions, it is likely that sales of second-hand imported (reconditioned) cars and used cars will increase. In many developed countries, it is common to lease a car rather than buying it outright. After the lease period is over, the buyer has the possibility to buy the car at its residual value, i.e. its expected resale value. Thus, it is of commercial interest to sellers/financers to be able to predict the salvage value (residual value) of cars with accuracy. In order to predict the resale value of the car, we proposed an intelligent, flexible, and effective systemthat is based on using regression algorithms. Considering the main factors which would affect the resale value of a vehicle a regression model is to be built that would give the nearest value of the vehicle. The data about car sales are derived from various sources. Then it will be integrated to the web-based application where the user is notified with the status of his product.

#### 1.2 Purpose

car resale value prediction helps the user to predict the resale value of the car depending upon various features like kilometers driven, fuel type, etc. This resale value prediction system is made for general purpose to just predict the amount that can be roughly acquired by the user.

## 2. Literature Servey

#### 2.1 Existing system

- Many data mining methods and machine learning algorithm are widely used to estimate the price of cars. The primary flaw with current system is that more characteristics are required to predict the pricing of the automobile.
- To obtain the result of prediction, further comparison techniques must be utilised more successfully. Obtaining dataset information is really challenging in the existing systems. The data sets won't include information on the automobiles that were long period of inactivity.

#### 2.2 REFERENCES

1. Praful Rane, Deep pandya, Dhawal Kotak, "USED CAR PRICE PREDICTION", International Research Journal of Engineering and Technology (IRJET), Volume:08, issue:04, Apr 2021. **Description:** 

The Regression Algorithms had used because they provide continuous value as an output Because of which it will be possible to predict the actual price of a car rather than the price range of a car.

2. Ketan Agrahari, Ayush Chaubey, mamoor Khan, Manas Srivastava, "Car Price Prediction Using Machine Learning", INTERNATIONAL JOURNAL OF INNOVATIVE RESEARCH IN TECHNOLOGY, Volume: 8, Issue: 1, June 2021.

#### Description:

In this system is to predict the car price as per the date set of previous consumer data like engine capacity, distance traveled year of manufacture etc., The result of these linear regression algorithm based on machine learning will be analysed and based on the efficiency and accuracy of the car price.

**3.** Aditya Nikhade, Rohan Borde, "USED CAR PRICE PREDICTION AND LIFE SPAN", International Advanced Research Journal in Science, Engineering and Technology, Vol. 8, Issue: 12, December 2021.

#### Description:

The prediction of the price of used cars is supervised with machine learning techniques. The prediction are based on the dataset collected from Kaggle website. Different techniques like multiple linear regression analysis, decision trees and k-nearest neighbors had used.

**4.** Ashutosh Datt Sharma, Vibhor Shorma, Sahil Mittal, Gautam Jain, Sudha Narang, "PREDICTIVE ANALYSIS OF USED CAR PRICES USING MACHINE LEARNING", International Research Journal of Modernization in Engineering Technology and Science, Volume:03, Issue:06, June-2021.

#### Description:

Employing various Machine Learning Algorithms, a statistical model was build and based upon the given data and features set to estimate the price of used cars. After applying various regression algorithm on the model, they concluded Decision Tree algorithm was the best performer.

**5.** Dhwani Nimbark, Akshat Patel, Sejal Thakkar, "Car Resale Value Prediction System", International Research Journal of Engineering and Technology(IRJET), Volume: 08, Issue: 05, May 2021.

#### Description:

Different algorithms had used like Support Vector Regression, Logistic Regression, Random Forest Regression and Gradient Boosting Regression for developing Car resale value prediction systems by considering different features of the car.

#### 2.3 PROBLEM STATEMENT DEFINITION

Second hand car is predominantly used by all. So the prediction of used car price becomes the significant and interesting area of analysis. The price of the used car depends on the factors like miles driven, model and year of manufacturing.

Car resale value evaluator web application is developed to predict the price to attain benefits to buyer and seller.

# 3. IDEATION & PROPOSED SOLUTION 3.1 Empathy Map Canvas

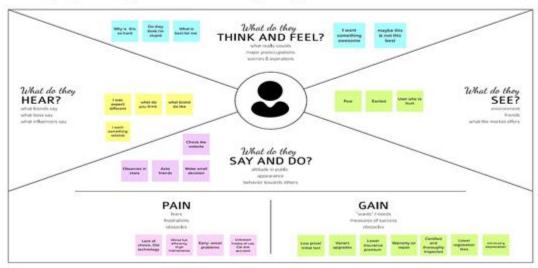


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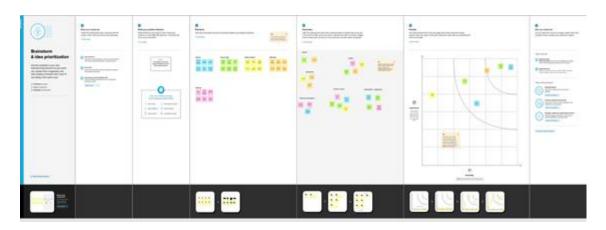
# **Empathy Map Canvas**

Gain insight and understanding on solving customer problems

Build empathy and keep your focus on the user by putting yourself in their shoes.



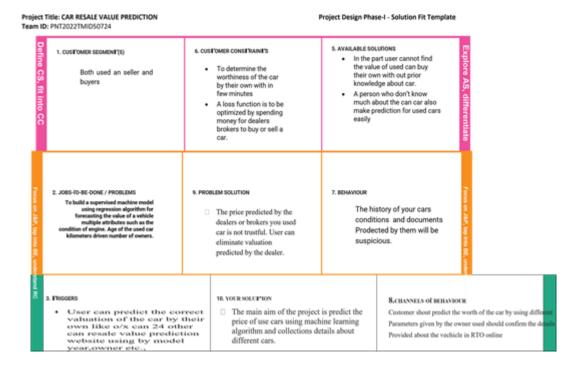
#### 3.2 IDEATION & BRAINSTROMING



#### 3.3 Proposed Solution

S. No.	Parameter	Description
1.	Problem Statement (Problem to	This system also studies the service history and
	be solved)	car usage statistics, without that we have no real idea of the condition of the car.
2.	Idea / Solution description	This process uses the accuracy score of regression algorithm for predicting the used car price.
3.	Novelty / Uniqueness	A centralized platform for car resale that will predict prices
4.	Social Impact / Customer Satisfaction	This analysis can be used to study the trends in the industry, offer better insight into the market.
5.	Business Model (Revenue Model)	In this model predominantly used by all the customer satisfaction of the model.
6.	Scalability of the Solution	The best accuracy of the linear regression algorithm will be taken as a solution.

#### 3.4 Problem Solution Fit



# 4. Requirement Analysis

# 4.1 Functional Requirement

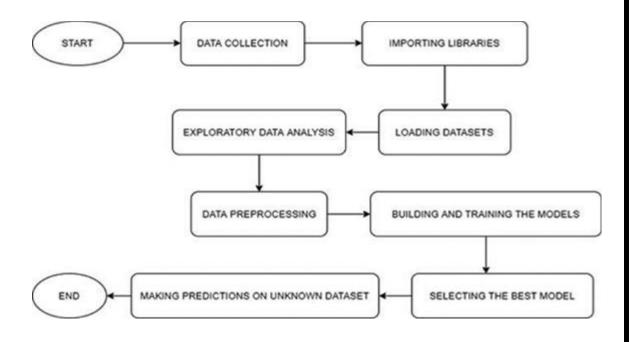
FR No.	Functional Requirement (Epic)	Sub Requirement (Story / Sub-Task)
FR-1	Sign up and Login	Creation of an online account using username and password and used to gain acess to an area requiring proper authorization.
FR-2	Data Collection	Gathering quantitative and qualitative information on specific variables.
FR-3	Data Preprocessing	Preparing of raw data and making it suitable for a machine learning model.
FR-4	Test set	Trained on the initial training data set.
FR-5	Evaluation	Different evaluation metrics to understand a ML model's performance.
FR-6	Prediction	Output of an algorithm after it has been trained on a historical dataset.

# 4.2 Non- Functional Requirements

FR	Non-Functional Requirement	Description	
No.			
NFR-	Usability	Ease of use and knows the details immediately.	
1			
NFR-	Security	The application which protects the data efficiently	
2		over the web.	
NFR-	Reliability	The application can be used in a confidential	
3		manner.	
NFR-	Performance	The performance of the application is very	
4		affective.	
NFR-	Availability	Milage is available for the secondary car.	
5			
NFR-	Scalability	This application is very scalable.	
6			

## 5. Project Design

#### 5.1 Data Flow Diagrams

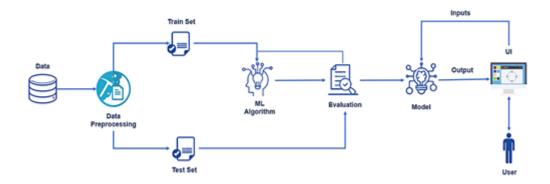


# 5.2 SOLUTION & TECHNICAL ARCHITECTURE SOLUTION ARCHITECTURE

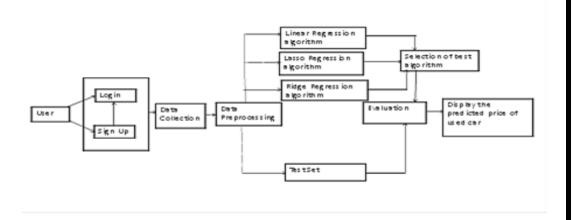
Solution architecture is a complex process – with many sub-processes – that bridges the gap between business problems and technology solutions. Its goals are to:

- Find the best tech solution to solve existing business problems.
- Describe the structure, characteristics, behavior, and other aspects of the software to project stakeholders.
- Define features, development phases, and solution requirements.
- Provide specifications according to which the solution is defined, managed, and delivered.

### **SOLUTION ARCHITECTURE DIAGRAM:**



#### **TECHNICAL ARCHITECTURE**



## **5.3 USER STORIES**

User Type	Functional Requirement (Epic)	User Story Number	User Story / Task	Acceptance criteria	Priori ty
User		USN-1	As a user, I can signup of an online accout using user name and password.	I can create user name and password	High
		USN-2	As a user, I can collecting the data of gathering the quantitative and qualitative information.	I can collect the data	High
		USN-3	As a user, I can register for the application through Gmail		Mediu m
custo mer	Login	USN-4	As a user, login the set of cerdentials and used to gain access to and area requring proper authorization		High

# 6. Project Planning & Scheduling

# **6.1 Sprint Planning & Estimation**

Title	Description	Date
Literature survey &	Literature survey on the selectedproject and	24 September 2022
information	gathering information by referring the technical	
Gathering	papers, research publications	
Prepare Empathy	prepare empathy map canvas tocapture the user	25 Semtember 2022
Мар	pains and gains, prepare list of problem	
	statements	
Ideation	List the by organizing the brainstroming session	20 september 2022
	and prioritize the top 3 ideas based on the	
	fesibility and importance	
Proposed solution	prepare the proposed solution doument, which	19 september 2022
	includes thenovelty, feasibility of idea, business	
	model, social impact, scalability of solution, etc	
Problem solution fit	prepare problem solution fit document	20 September 2022
Solution Architecture	prepare solution architecture document	19 September 2022

Customer Journey	Prepare the customer journey maps to	03 September 2022
	understand the user interactions and experienes	
	with the application	
Functional	prepare the funtional requirement document	03 October 2022
Requirement		
Data Flow Diagram	Draw the data flow dams and submit for review	03 October 2022
Technology	Prepare the technology architecture diagram	03 October 2022
Architeture		
Prepare Milestone	prepare the milestones and activity list of the	22 October 2022
and Activity List	project	
Project Development	Develop and submit the developed code by	In progress
Delivery of sprint-1,	testing it	
2, 3, 4		

# 6.2 Sprint Delivery Schedule

Sprint	Total	Durati	Sprint	Sprint End	Story points	sprint
	Story	on	Start Date	Data	completd	release date
	Points			(Planned)	(as on planned	(Actual)
					end date)	
sprint-1	20	6 Days	24 Oct	29 Oct 2022	20	30 Oct 2022
			2022			
sprint-2	20	6 Days	31 Oct	5 Nov 2022	20	06 Nov 2022
			2022			
sprint-3	20	6 Days	07 Nov	12 Nov 2022	20	15 Nov 2022
			2022			
sprint-4	20	6 Days	14 Nov	14 Nov 2022	20	19 Nov 2022
			2022			

#### 7. PRIOR KNOWLEDGE

#### 7.1 Data Collection

ML is a data hunger technology, it depends heavily on data, without data, it is impossible for a machine to learn. It is the most crucial aspect that makes algorithm training possible.

#### Pre-Process The Data

In this milestone, we will be preprocessing the dataset that is collected. Preprocessing includes:

- i. Handling the null values.
- ii. Handling the categorical values if any.
- iii. Normalize the data if required.
- iv. Identify the dependent and independent variables.
- v. Split the dataset into train and test sets.

#### **Import Regired Libraries**

The libraries can be imported using the import keyword.

```
import pandas as pd
import numpy as np
import matplotlib as plt
from sklearn.preprocessing import LabelEncoder
import pickle
```

#### **Read The Datasets**

The dataset is read as a data frame (df in our application) using the pandas library (pd is the alias name given to the pandas package).

#### Cleaning The Dataset

In this activity, the dataset is being cleaned. The dataset contains columns that have almost only one type of data. All the other entries expect the seller (gewerblich) containing only 3 entries are the same hence the column is dropped or removed from the dataset.

Similarly, all the entries except the offer type (Gesuch) containing only 12 entries are same hence offer type column is also dropped.

```
#print al the different sellers
print(df.seller.value_counts())
#remove the seller type having only 3 cars
df[df.seller != 'gewerblich']
#now all the sellers are same so we can get rid of this column
df=df.drop('seller',1)

#print al the different sellers
print(df.offerType.value_counts())
#remove the Offer Type having only 12 listings
df[df.offerType != 'Gesuch']
#now all the offers are same so we can get rid of this column
df=df.drop('offerType',1)
```

Suspicious data and data that is not in the range specified are not considered by only taking that is found to be valid. Like the Power should be between 50ps to 900ps and Year of Registration between 1950 and 2017. All the remaining entries are neglected.

```
#Cars having power less than 50ps and above 900ps seems a little suspicious,
#let's remove them and see what we've got now
print(df.shape)

df = df[(df.powerPS > 50) & (df.powerPS < 900)]
print(df.shape)
#around 50000 cars ahave been removed which could have inrouduced error to our data

#simlarly, filtering our the cars having registeration years not in the mentioned range
#print(df.shape)

df = df[(df.yearOfRegistration >= 1950) & (df.yearOfRegistration < 2017)]
print(df.shape)
# not much of a difference but still, 10000 rows have been reduced. it's better to
#get rid of faulty data instead of keeping them just to increase the size.
```

Columns that introduce bias or are the same for all the cars are removed.

A copy of the dataset is made by deleting the rows that have the same values across all the columns. The first of such rows are stored and the remaining are omitted.

The dataset contains a few German words. Hence replacing the German words with English words.

Removing the outliers (the objects that deviate from the rest of the objects. They can be caused by measurement or execution error) and filling NaN values using the fillna() function.

```
#### Removing the outliers
new_df = new_df[(new_df.price >= 100) & (new_df.price <= 150000)]

#Filling NaN values for columns whose data might not be there with the information provider,
#which might lead to some variance but our model
#but we will still be able to give some estimate to the user
new_df['notRepairedDamage'].fillna(value='not-declared', inplace=True)
new_df['fuelType'].fillna(value='not-declared', inplace=True)
new_df['gearbox'].fillna(value='not-declared', inplace=True)
new_df['wodel'].fillna(value='not-declared', inplace=True)
new_df['model'].fillna(value='not-declared', inplace=True)</pre>
```

Saving the cleaned dataset for future use.

```
#can save the csv for future purpose.
new_df.to_csv("autos_preprocessed.csv")
```

Lable encoding the categirical data.

```
#Columns which contain categorical values, which we'll need to convert via label encoding labels = ['gearbox', 'notRepairedDamage', 'model', 'brand', 'fuelType', 'vehicleType']
#looping over the labels to do the label encoding for all at once and
#saving the LABEL ENCODING FILES
mapper = {}
for i in labels:
    mapper[i] = LabelEncoder()
    mapper[i].fit(new_df[i])
    tr = mapper[i].transform(new_df[i])
    np.save(str('classes'+i+'.npy'), mapper[i].classes_)
    print(i,":",mapper[i])
    new_df.loc[:, i + '_labels'] = pd.Series(tr, index=new_df.index)
#Final data to be put in a new dataframe called "LABELED",
labeled = new_df[ ['price'
                            , 'yearOfRegistration'
                             'powerPS'
                             'kilometer'
                             'monthOfRegistration'
                       + [x+"_labels" for x in labels]]
print(labeled.columns)
```

#### Splitting Data Into Independent And Dependent Variables

In this activity, the dependent and independent variables are to be identified. The first column (Result) in the cleaned dataset is the dependent variable which is dependent on the remaining different factors. The independent columns are considered as x and the dependent column as y.

```
#Storing price in Y and rest of the data in X
Y = labeled.iloc[:,0].values
X = labeled.iloc[:,1:].values
#need to reshape the Y values
Y = Y.reshape(-1,1)
```

After identifying the dependent and independent variables, the dataset now has to be split into two sets, one set is used for training the model and the second set is used for testing how good the model is built. The split ratio we consider is 70% for training and 30% for testing.

```
from sklearn.model_selection import cross_val_score, train_test_split
X_train, X_test, Y_train, Y_test = train_test_split(X, Y, test_size=0.3, random_state = 3)
```

#### 7.2 Model Building

There are several Machine learning algorithms to be used depending on the data you are going to process such as images, sound, text, and numerical values. The algorithms can be chosen according to the objective. As the dataset which we are using is a REgression dataset so you can use the following algorithms.

- Multi Linear Regression
- Random Forest Regression / Classification
- Decision Tree Regression / Classification
- K-Nearest Neighbors
- Support Vector Machine

#### Choose The Appropriate Model

We will be initially considering the Random Forest Regressor model and fit the data.

#### Check The Metrics Of The Model

Here we will be evaluating the model built. We will be using the test set for evaluation. The test set is given to the model for prediction and prediction values are stored in another variable called y\_pred. The r2 score of the model is calculated and its performance is estimated.

```
#predicting the values fo test test
y_pred = regressor.predict(X_test)

#printing the Accuraccy for test set
print(r2_score(Y_test,y_pred))
```

Note: Different regression models can be used to know the performance and choose whichever works better.

Save The Model

#### 7.3 Application Building

After the model is built, we will be integrating it into a web application so that normal users can also use it to know the resale price of the care. In the application, the user provides the parameter values affecting the resale value.

#### Build The Python Flask App

In the flask application, the user values are taken from the HTML page. These factors are then given to the model to know the resale value of a car.

#### step 1: import required libraries

```
import pandas as pd
import numpy as np
from flask import Flask, render_template, Response, request
import pickle
from sklearn.preprocessing import LabelEncoder
import pickle
```

#### Step 2: Load the model and initialize Flask app

```
app = Flask(__name__)
filename = 'resale_model.sav'
model_rand = pickle.load(open(filename, 'rb'))
```

Step 3: Configure app.py to fetch the parameter values from the UI, and return the

#### prediction.

```
@app.route('/')
def index():
    return render_template('resaleintro.html')

@app.route('/predict')
def predict():
    return render_template('resalepredict.html')
```

```
oute('/y_predict', methods=['GET','POST'])
lef y_predict():
   regyear = int(request.form['regyear'])
   powerps = float(request.form['powerps'])
   kms = float(request.form['kms'])
   regmonth = int(request.form.get('regmonth'))
  gearbox = request.form['gearbox']
damage = request.form['dam']
   model = request.form.get('modeltype')
   brand = request.form.get('brand'
   fuelType = request.form.get('fuel')
  "monthOfRegistration":regmonth, 'gearbox':gearbox, 'notRepairedDomage':damage,
'model':model, 'brand':brand, 'fuelType':fuelType,
       'vehicleType':vehicletype}
   print(new_row)
  new df = new df.append(new row,ignore index = True)
labels = ['gearbox', 'notRepairedDamage', 'model', 'brand', 'fuelType', 'vehicleType']
mapper = {}
   for i in labels:
       mapper[i] = LabelEncoder()
       mapper[i].classes_ = np.load(str('classes'+i+'.npy'))
tr = mapper[i].fit_transform(new_df[i])
   new_df.loc[:, i + ' Labels'] = pd.Series(tr, index=new_df.index)
labeled = new_df[ ['yearOfRegistration'
                          'monthOfRegistration'
                   + [x+'_labels' for x in labels]]
   X = labeled.values
   print(X)
   y_prediction = model_rand.predict(X)
   print(y_prediction)
   return render_template('resolepredict.html',ypred = 'The resole value predicted is {:.2f}$'.format(y_prediction[0]))
```

#### Step 4: Run the app

Enter commands as shown below

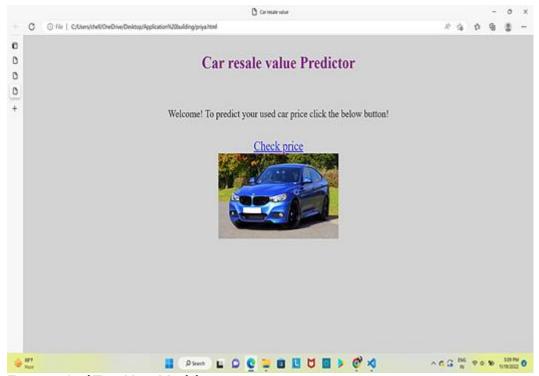
```
if __name__ == '__main__':
    app.run(host='localhost', debug=True, threaded=False)
```

#### **Build An HTML Page**

We Build an HTML page to take the values from the user in a form and upon clicking on the button for submission it has to redirect to URL for "y\_predict" which returns the predicted resale value. The output is to be then displayed on the page.

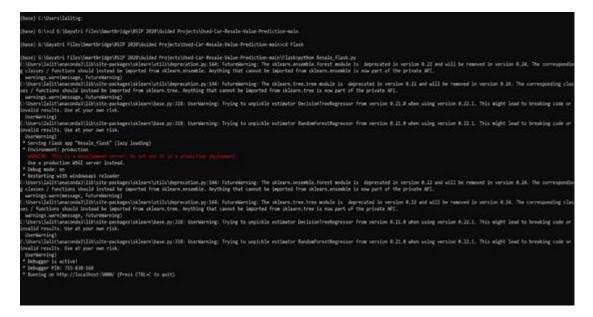
The HTML pages are put under the templates folder and any style sheets if present is put in the static folder.



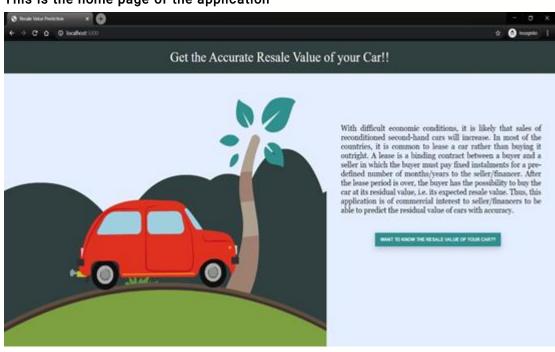


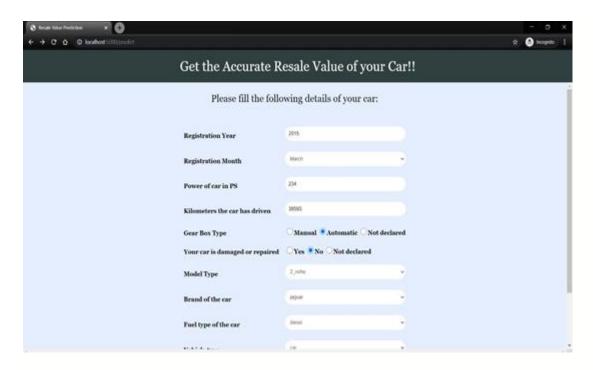
#### **Execute And Test Your Model**

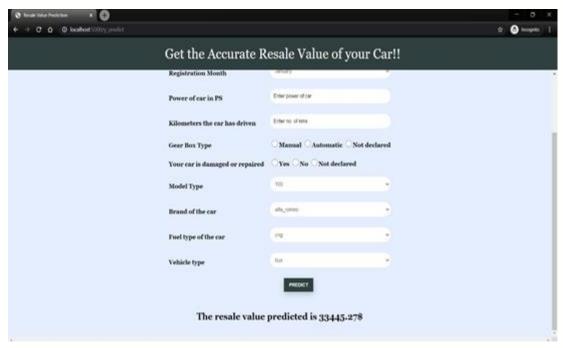
**Step 1:** Execute the python code and after the module is running, open the localhost and click on the button to check the prediction.



#### This is the home page of the application





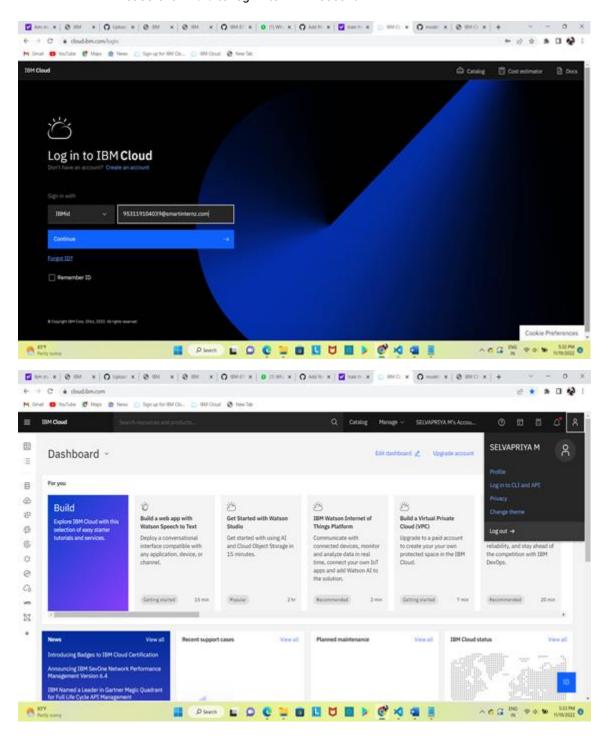


#### 7.4 Train The Model On IBM

In this milestone, you will learn how to build a Machine Learning Model and deploy it on the IBM Cloud.

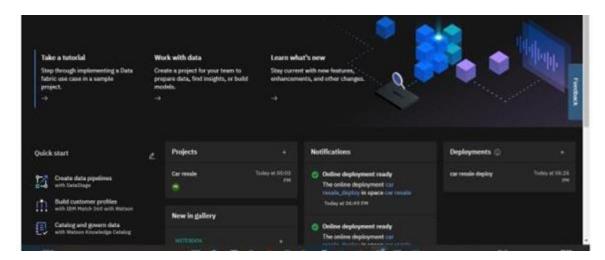
# Register For IBM Cloud IBM Account:

- Please click here to register for IBM
- Please click here to log in to IBM Account



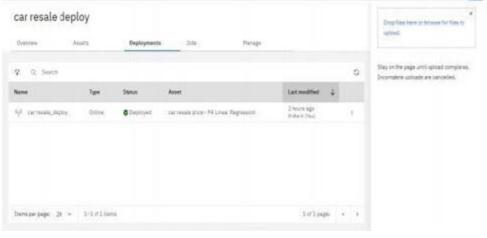
#### Train The ML Model On IBM

#### Watch the below video to train the Machine learning model on IBM Watson



#### Integrate Flask With Scoring End Point

Watch the below video to integrate the scoring endpoint to the flask



#### 8. Testing

#### 8.1 Test Cases

#### Missing values

The trained ML model requires 4 feature inputs for predicting the output. Failing which, the model throws invalid Input error. All the fields in the html form have been marked required using CSS and thus user must input all fields.

Output: User must input all the fields, failing which, form shows warning message "this field needs to be filled". Thus, there can be no errors in model prediction.

#### Invalid Input

The trained ML model requires only numerical input for all 4 features. Thus, if user uses symbols such as comma while input, model may throw error. To overcome the same, preprocessing script is deployed in backend which removes all unwanted characters like comma, whitespaces etc. so that model gets required input.

Output: Due to python preprocessing script, model will get the desired input and thus will give accurate prediction.

#### • Unseen year of purchase

The model is trained with data from cars purchased since 2011 to 2020. If the user inputs details of car purchased after that i.e., 2021, model may get confused since that data is quite new and unseen to model.

Output: Model has been trained with boosting algorithm and thus it gives quite accurate results with around RMSE 65,000 INR.

#### 8.2 Users Acceptance Testing

Car resale value prediction system is made with the purpose of predicting the correct valiation of used crs that helps users to sell.

#### 9. Results

In our case, R squared is closer to I, which indicates that the model is reliable in predicting the selling price Randao Forest is Known for attaining high....

# 10. Advantages and Disadvantages

## Advantages

- Good at learning complex and non-linear relationships
- Highly explainable and easy to interpret
- Robust to outliers
- no feature scaling is required

#### Disadvantages

- Consumes more time
- Requires high computational power

#### 11. Conclusion

- We started with understanding the use case of machine learning in the Automotive industry and how machine learning has transformed the driving experience. Further, we build a Random Forest Regression model to predict the resale value of a used car. Finally, we evaluated the performance of the model using the r squared score and residual plot.
- we could have also used simpler regression algorithms like Linear Regression and Lasso Regression. still, we need to make sure there are no outliers in the dataset before implementing them. Pair plots and scatter plots help visualize the outliers.

#### 12. Future Scope

This Project In machine learning model that will be connected with may dataset and with various website which can provide real time data for priceprediction. Will Stored in their site or GitHub. Also, we may add big amount of data of car price which can help an improve accuracy of the machine learning model. We also trying to develop an android app as user interface for interacting and user-friendly with user. For better performance of the model, we also plan a to use neural network.

42 Annandiy
13. Appendix Project Demo Link:
Project Demo Link: <a href="https://drive.google.com/drive/my/drive/demo.link/file:///C:/Users/chell/Downloads/screen-">https://drive.google.com/drive/my/drive/demo.link/file:///C:/Users/chell/Downloads/screen-</a>
capture.webm
·