**R Squared**

**Sum of Residuals : SSres = ∑ ( y - Ŷi)2**

**Sum of Total : SStot = ∑ ( y - yavg)2**

**R2 = 1 - ( SSres  / SStot )**

**R2  ⇒ Goodness of Fit. (greater is better)**

**Adjusted R squared :**

**R2  = 1 - (1 - R2) (n - 1)/(n - p - 1)**

**Where, (n - 1)/(n - p - 1) - penalizing factor**

**n - sample size**

**P - number of regressors (no. of independent variables)**

**As we add more regressors, R2 decreases.**