

Name: S. Rayen Subhiksha

MULTICOLLINEARITY

Dataset used: Pre_processed_Placement

1. What is multicollinearity?

Multicollinearity refers to the situation in which two or more predictor variables in a regression model are highly correlated. This high correlation means that one predictor variable can be linearly predicted from the others with a substantial degree of accuracy.

Multicollinearity occurs when two or more predictor variables in a regression model are highly correlated. This can lead to:

- **Unstable Estimates:**
Small changes in the data can lead to large changes in the coefficient estimates.
- **Reduced Interpretability:**
It becomes difficult to interpret the effect of each predictor variable due to their intercorrelation.
- **Inflated Variance:**
The variance of the coefficient estimates is increased, which can make the model less reliable.

2. What are the implications in multicollinearity?

- **Redundancy:**
It makes the model's estimates of the coefficients unstable and highly sensitive to changes in the model.
- **Interpretation:**
It becomes difficult to determine the effect of each predictor on the outcome variable because predictors are not independent of each other.
- **Variance Inflation:**
Multicollinearity inflates the variances of the coefficient estimates, making them very large, which can lead to overfitting.

3. What are the ways to control Multicollinearity without removing columns?

- Regularisation
- Principal Component Analysis (PCA)
- Centering and Scaling

4. What is Variance Inflation Factor (VIF)?

Variance Inflation Factor (VIF) is a measure used to detect the presence of multicollinearity in a regression analysis. It quantifies how much the variance of an estimated regression coefficient increases due to multicollinearity.

The VIF of a predictor variable quantifies how much the variance of the estimated regression coefficient for that variable is inflated due to multicollinearity with other predictor variables.

If your VIF values are high (typically $VIF > 10$ is considered problematic, So use regularisation, centering & scaling, PCA methods to ensuring regression model remains robust and interpretable.

5. What is Regularisation method?

- Ridge Regression:

Adds a penalty proportional to the sum of the squared coefficients to the regression model. This helps to reduce the impact of multicollinearity by shrinking the coefficients of correlated variables.

 How Ridge Regression helps?

Ridge Regression addresses multicollinearity by adding an L2 penalty term to the regression loss function. The Ridge regression objective function is:

Objective Function = Sum of Squared Residuals + $\alpha \times$
Sum of Squared Co-efficients

Where:

Sum of Squared Residuals: Measures how well the model fits the data.

Sum of Squared Coefficients: The penalty term, which discourages large coefficients.

α (Alpha): The regularization parameter that controls the strength of the penalty.

Key Mechanism:

- Penalization of Coefficients:

Ridge regression shrinks the coefficients of correlated predictors towards zero, reducing their impact on the model. This helps to mitigate the effects of multicollinearity by making the coefficients less sensitive to changes in the data.

- Stabilization of Estimates:

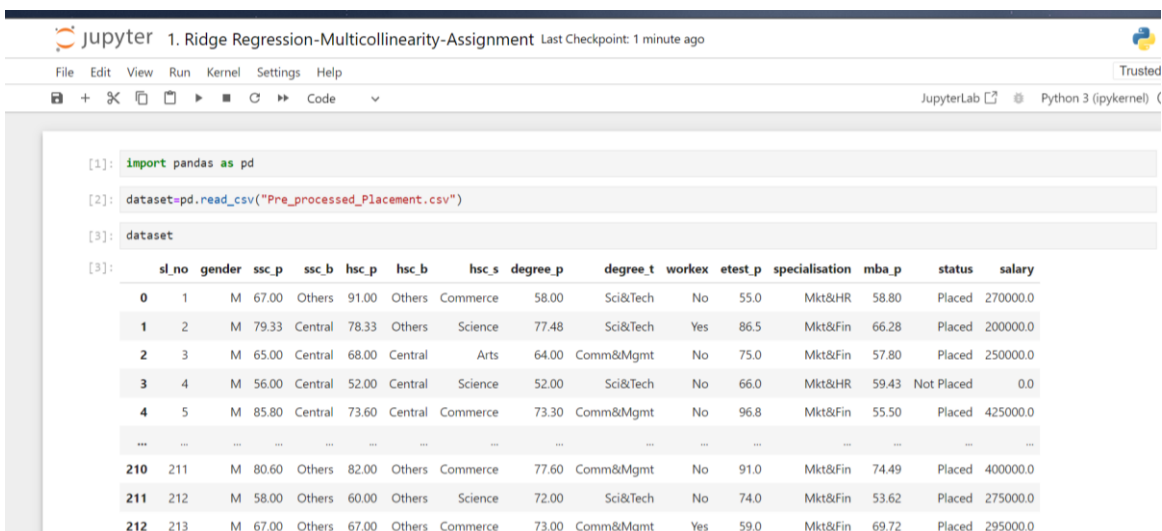
By adding the penalty term, Ridge regression makes the estimates more stable and less sensitive to multicollinearity. This leads to more reliable and robust coefficient estimates.

- Improved Model Performance:

The regularization helps to balance the trade-off between fitting the training data and keeping the coefficients small. This can improve the model's performance on unseen data, especially in the presence of multicollinearity.

Illustration:

<https://github.com/Rayenai/Bivariate-Analysis---Multicollinearity--Assignment>



JupyterLab 1. Ridge Regression-Multicollinearity-Assignment Last Checkpoint: 1 minute ago

File Edit View Run Kernel Settings Help

dataset


```
[1]: import pandas as pd
```

```
[2]: dataset=pd.read_csv("Pre_processed_Placement.csv")
```

```
[3]: dataset
```

	sl_no	gender	ssc_p	ssc_b	hsc_p	hsc_b	hsc_s	degree_p	degree_t	workex	etest_p	specialisation	mba_p	status	salary
0	1	M	67.00	Others	91.00	Others	Commerce	58.00	Sci&Tech	No	55.0	Mkt&HR	58.80	Placed	270000.0
1	2	M	79.33	Central	78.33	Others	Science	77.48	Sci&Tech	Yes	86.5	Mkt&Fin	66.28	Placed	200000.0
2	3	M	65.00	Central	68.00	Central	Arts	64.00	Comm&Mgmt	No	75.0	Mkt&Fin	57.80	Placed	250000.0
3	4	M	56.00	Central	52.00	Central	Science	52.00	Sci&Tech	No	66.0	Mkt&HR	59.43	Not Placed	0.0
4	5	M	85.80	Central	73.60	Central	Commerce	73.30	Comm&Mgmt	No	96.8	Mkt&Fin	55.50	Placed	425000.0
...
210	211	M	80.60	Others	82.00	Others	Commerce	77.60	Comm&Mgmt	No	91.0	Mkt&Fin	74.49	Placed	400000.0
211	212	M	58.00	Others	60.00	Others	Science	72.00	Sci&Tech	No	74.0	Mkt&Fin	53.62	Placed	275000.0
212	213	M	67.00	Others	67.00	Others	Commerce	73.00	Comm&Mgmt	Yes	59.0	Mkt&Fin	69.72	Placed	295000.0

```
← → ↺ 🏠 🔍 localhost:8889/notebooks/Covariance%20%26%20Correlation%2F1.%20Ridge%20Regression-Multicollinearity-Assignment.ipynb ☆ 🧑🏻 All Bookmarks
```

 JupyterLab Python 3 (ipykernel)

```
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```

```
[4]: dataset=pd.get_dummies(dataset,drop_first=True)
```

```
[5]: dataset=dataset.astype(int)
```

```
[6]: dataset.columns
```

```
[6]: Index(['sl_no', 'ssc_p', 'hsc_p', 'degree_p', 'etest_p', 'mba_p', 'salary',
        'gender_M', 'ssc_b_Others', 'hsc_b_Others', 'hsc_s_Commerce',
        'hsc_s_Science', 'degree_t_Others', 'degree_t_Sci&Tech', 'workex_Yes',
        'specialisation_Mkt&HR', 'status_Placed'],
        dtype='object')
```

```
[7]: independent = [col for col in dataset.columns if col != 'salary'] # Replace 'target_column' with your actual target column name
    dependent = 'salary'
```

```
[8]: independent=dataset[['sl_no', 'ssc_p', 'hsc_p', 'degree_p', 'etest_p', 'mba_p', 'gender_M', 'ssc_b_Others', 'hsc_b_Others', 'hsc_s_Commerce',
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    dependent=dataset[['salary']]
```

```
[9]: from sklearn.model_selection import train_test_split #sklearn is a library used for handling ML algorithm
    X_train,X_test,y_train,y_test=train_test_split(independent,dependent,test_size=0.30,random_state=0)
```

- This approach is particularly useful when dealing with highly correlated predictors, as it helps to produce a more robust and interpretable model.

- Lasso Regression:

Adds a penalty proportional to the sum of the absolute values of the coefficients. This can shrink some coefficients to zero, effectively selecting a subset of features and handling multicollinearity.

Lasso regression (Least Absolute Shrinkage and Selection Operator) is another regularization technique that helps in controlling multicollinearity. Unlike Ridge regression, which uses an L2 penalty, Lasso uses an L1 penalty. This L1 penalty can drive some coefficients to exactly zero, effectively performing feature selection.

How Lasso Regression Helps with Multicollinearity?

Lasso Regression adds an L1 penalty term to the regression loss function:

Objective Function = Sum of Squared Residuals + $\alpha \times$ Sum of Absolute Coefficients

Where:

- Sum of Squared Residuals: Measures how well the model fits the data.
- Sum of Absolute Coefficients: The penalty term, which can set some coefficients to zero.
- α (Alpha): The regularization parameter that controls the strength of the penalty.

Key Mechanism

- Feature Selection:


Lasso regression can set some coefficients to exactly zero, which helps in selecting a subset of features and eliminating irrelevant ones. This is particularly useful in high-dimensional datasets where multicollinearity is a concern.

- Sparsity:

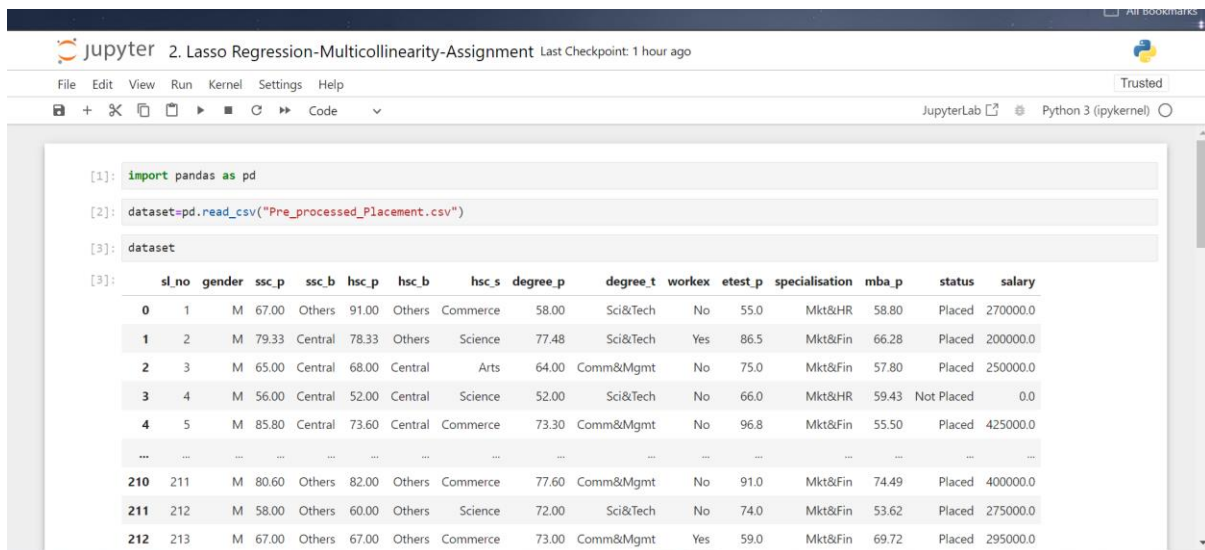
By driving some coefficients to zero, Lasso creates a sparse model, which can improve interpretability and reduce the impact of multicollinearity.

- Model Simplification:

By including fewer features, Lasso can simplify the model, which often improves performance on unseen data and reduces overfitting.

 Illustration:

<https://github.com/Rayenai/Bivariate-Analysis---Multicollinearity--Assignment>



JupyterLab 2. Lasso Regression-Multicollinearity-Assignment Last Checkpoint: 1 hour ago

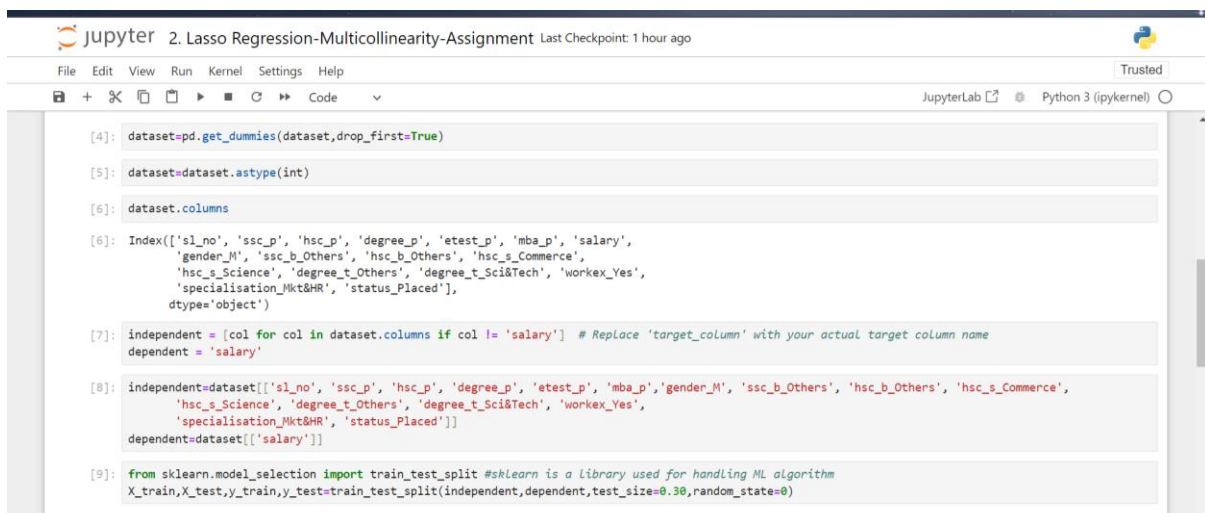
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JupyterLab Python 3 (ipykernel)

```
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[3]: dataset
```

	sl_no	gender	ssc_p	ssc_b	hsc_p	hsc_b	hsc_s	degree_p	degree_t	workex	etest_p	specialisation	mba_p	status	salary
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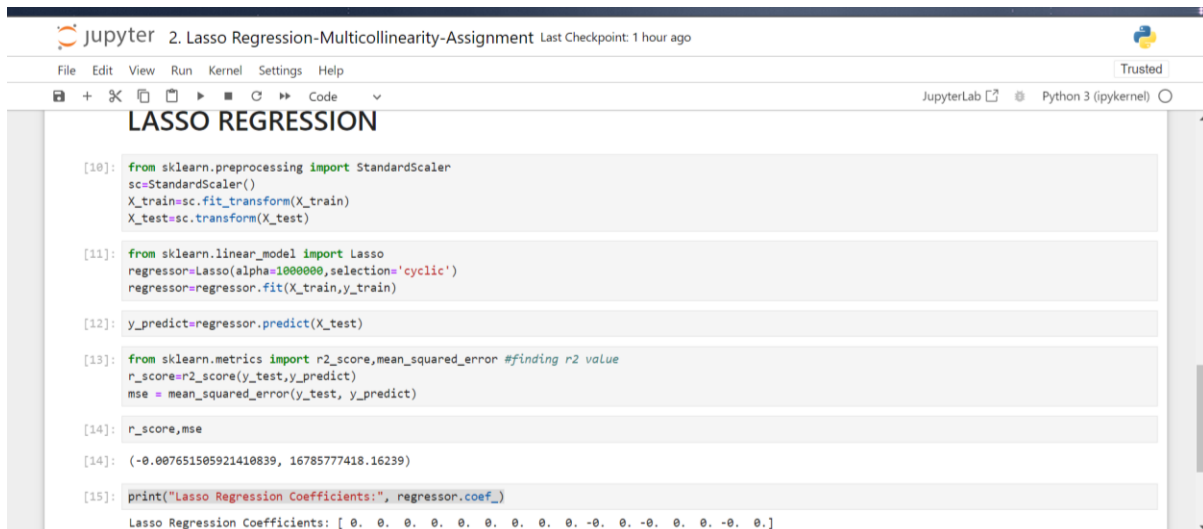
JupyterLab 2. Lasso Regression-Multicollinearity-Assignment Last Checkpoint: 1 hour ago

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JupyterLab Python 3 (ipykernel)

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```

A screenshot of a JupyterLab interface. The top bar shows 'jupyter 2. Lasso Regression-Multicollinearity-Assignment' and 'Last Checkpoint: 1 hour ago'. The interface includes a menu bar (File, Edit, View, Run, Kernel, Settings, Help) and a toolbar with icons for file operations and execution. The main area is titled 'LASSO REGRESSION' and contains a series of code cells. The code imports StandardScaler and Lasso from sklearn, fits a Lasso regressor with alpha=1000000, predicts on test data, and calculates the r2 score and mean squared error. The output shows the r2 score as approximately -0.00765 and the MSE as 16785777418.16239. The final cell prints the Lasso Regression Coefficients, which are mostly zeros, indicating feature selection.

```
[10]: from sklearn.preprocessing import StandardScaler
sc=StandardScaler()
X_train=sc.fit_transform(X_train)
X_test=sc.transform(X_test)

[11]: from sklearn.linear_model import Lasso
regressor=Lasso(alpha=1000000,selection='cyclic')
regressor=regressor.fit(X_train,y_train)

[12]: y_predict=regressor.predict(X_test)

[13]: from sklearn.metrics import r2_score,mean_squared_error #finding r2 value
r_score=r2_score(y_test,y_predict)
mse = mean_squared_error(y_test, y_predict)

[14]: r_score,mse

[14]: (-0.007651505921410839, 16785777418.16239)

[15]: print("Lasso Regression Coefficients:", regressor.coef_)

Lasso Regression Coefficients: [ 0.  0.  0.  0.  0.  0.  0.  0.  0.  0. -0.  0. -0.  0.  0. -0.  0.]
```

Summary

- Lasso Regression is effective in handling multicollinearity by performing feature selection through its L1 penalty. It not only mitigates multicollinearity but also helps in creating a simpler, more interpretable model. The range of coefficients in Lasso regression can vary from very small values close to zero to moderate positive or negative values.
- Regularization Parameter (α): Controls the strength of the penalty and determines the number of features selected.
- By applying Lasso regression, we can reduce the impact of multicollinearity and potentially improve our model's performance and interpretability.

6. What is Principal Component Analysis (PCA)?

Principal Component Analysis (PCA) is a technique used to reduce the dimensionality of data while preserving as much variance as possible. It's particularly useful for controlling multicollinearity, which occurs when predictor variables in a regression model are highly correlated.

How PCA Controls Multicollinearity?

- Dimensionality Reduction:
PCA transforms the original correlated features into a set of linearly uncorrelated components called principal components.

These components are orthogonal to each other, meaning there's no multicollinearity between them.

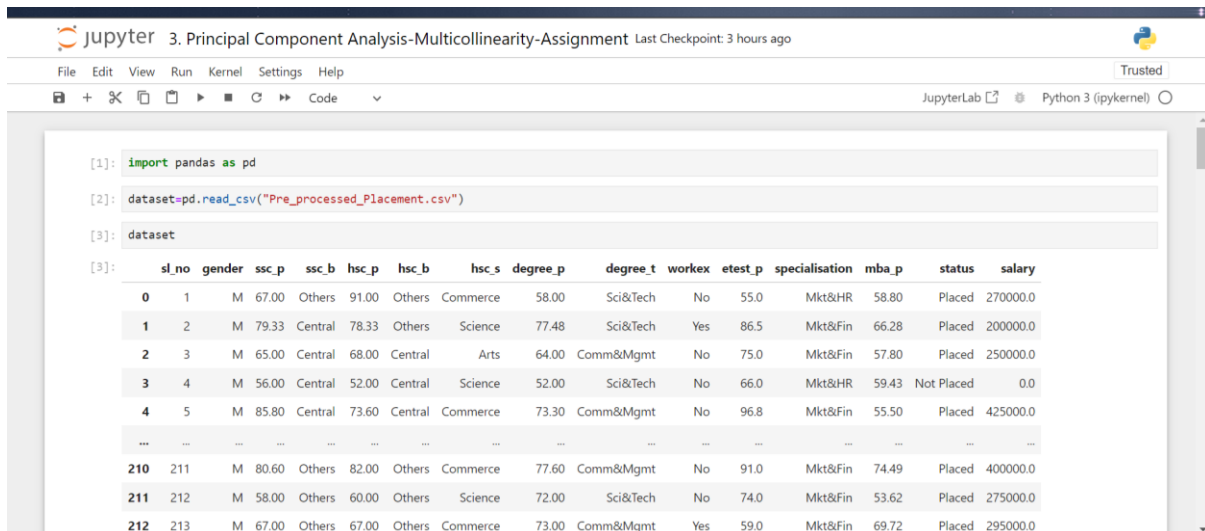
- Feature Extraction:

The principal components are linear combinations of the original features, and they capture the most variance in the data.

By using a smaller number of principal components, we can reduce the number of variables in the model, thus addressing multicollinearity.

 Illustration:

<https://github.com/Rayenai/Bivariate-Analysis---Multicollinearity--Assignment>

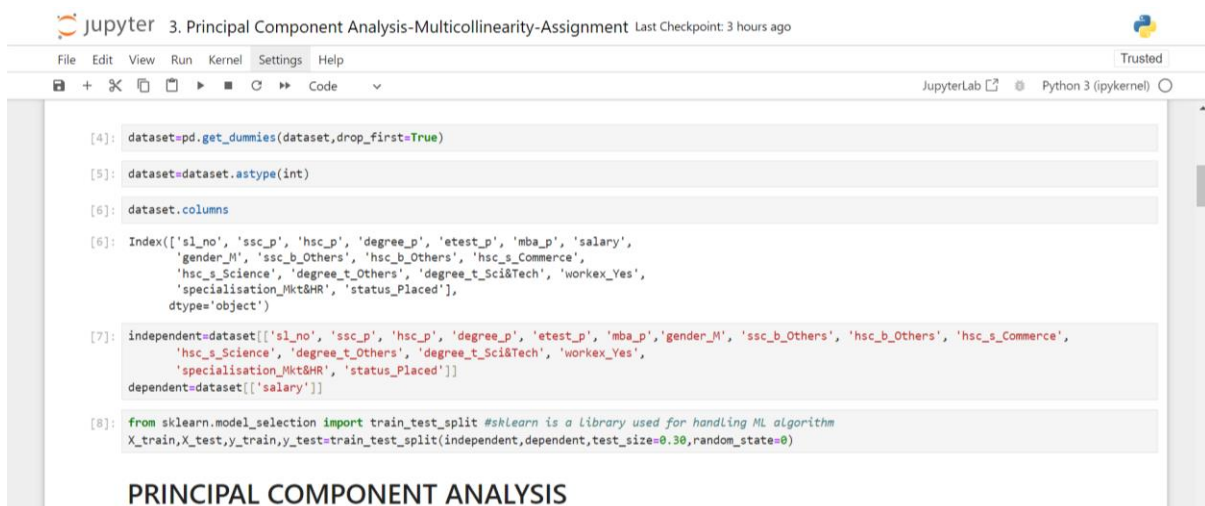


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[1]: import pandas as pd

[2]: dataset=pd.read_csv("Pre_processed_Placement.csv")

[3]: dataset
```

	sl_no	gender	ssc_p	ssc_b	hsc_p	hsc_b	hsc_s	degree_p	degree_t	workex	etest_p	specialisation	mba_p	status	salary
0	1	M	67.00	Others	91.00	Others	Commerce	58.00	Sci&Tech	No	55.0	Mkt&HR	58.80	Placed	270000.0
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...
210	211	M	80.60	Others	82.00	Others	Commerce	77.60	Comm&Mgmt	No	91.0	Mkt&Fin	74.49	Placed	400000.0
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212	213	M	67.00	Others	67.00	Others	Commerce	73.00	Comm&Mgmt	Yes	59.0	Mkt&Fin	69.72	Placed	295000.0



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[5]: dataset=dataset.astype(int)

[6]: dataset.columns

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        'gender_M', 'ssc_b_Others', 'hsc_b_Others', 'hsc_s_Commerce',
        'hsc_s_Science', 'degree_t_Others', 'degree_t_Sci&Tech', 'workex_Yes',
        'specialisation_Mkt&HR', 'status_Placed'],
        dtype='object')

[7]: independent=dataset[['sl_no', 'ssc_p', 'hsc_p', 'degree_p', 'etest_p', 'mba_p', 'gender_M', 'ssc_b_Others', 'hsc_b_Others', 'hsc_s_Commerce',
        'hsc_s_Science', 'degree_t_Others', 'degree_t_Sci&Tech', 'workex_Yes',
        'specialisation_Mkt&HR', 'status_Placed']]
        dependent=dataset[['salary']]

[8]: from sklearn.model_selection import train_test_split #skLearn is a library used for handling ML algorithm
X_train,X_test,y_train,y_test=train_test_split(independent,dependent,test_size=0.30,random_state=0)

PRINCIPAL COMPONENT ANALYSIS
```


Jupyter 3. Principal Component Analysis-Multicollinearity-Assignment Last Checkpoint: 3 hours ago

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JupyterLab Python 3 (ipykernel)

```
[9]: from sklearn.preprocessing import StandardScaler
    sc=StandardScaler()
    X_train=sc.fit_transform(X_train)
    X_test=sc.transform(X_test)

[10]: from sklearn.decomposition import PCA
    pca = PCA() # Choose number of components based on explained variance
    X_pca = pca.fit_transform(X_train)

[11]: from sklearn.linear_model import Ridge
    regressor=Ridge(alpha=0.25,solver='auto')
    regressor=regressor.fit(X_train,y_train)

[12]: y_predict=regressor.predict(X_test)

[13]: from sklearn.metrics import r2_score,mean_squared_error #finding r2 value
    r_score=r2_score(y_test,y_predict)
    mse = mean_squared_error(y_test, y_predict)

[14]: print(f"Mean Squared Error: {mse}")
    print(f"R^2 Score: {r_score}")
    Mean Squared Error: 3232815672.658245
    R^2 Score: 0.8059338272056609
```

Jupyter 3. Principal Component Analysis-Multicollinearity-Assignment Last Checkpoint: 3 hours ago

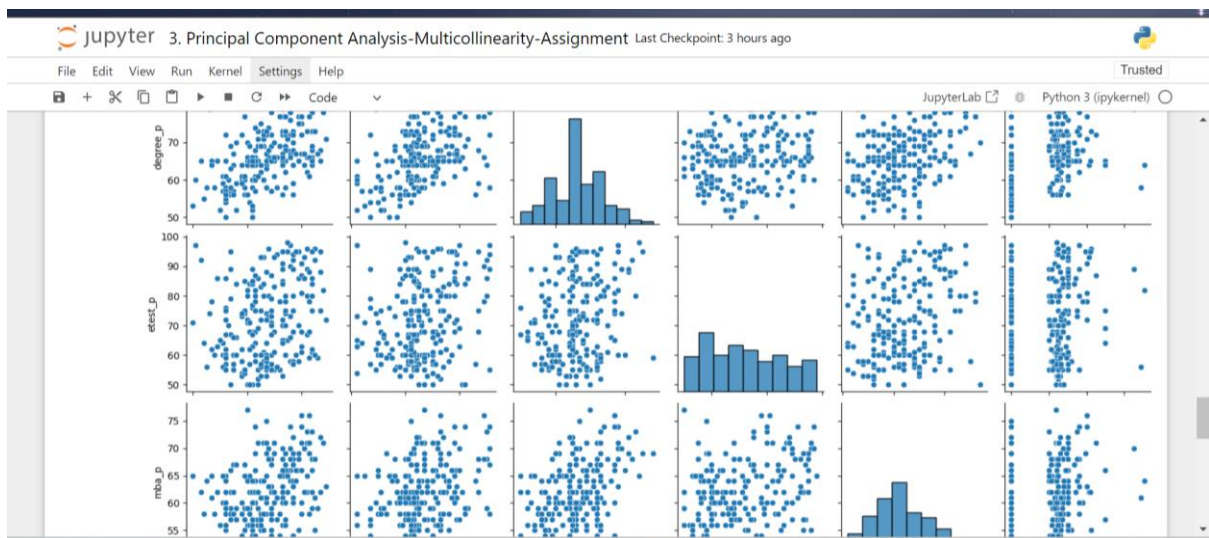
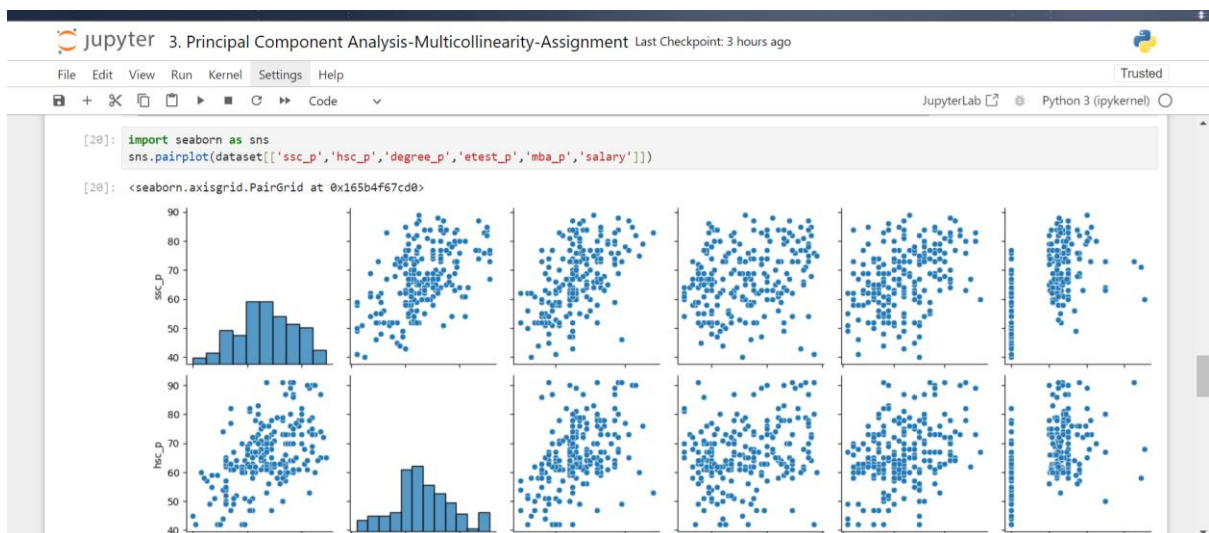
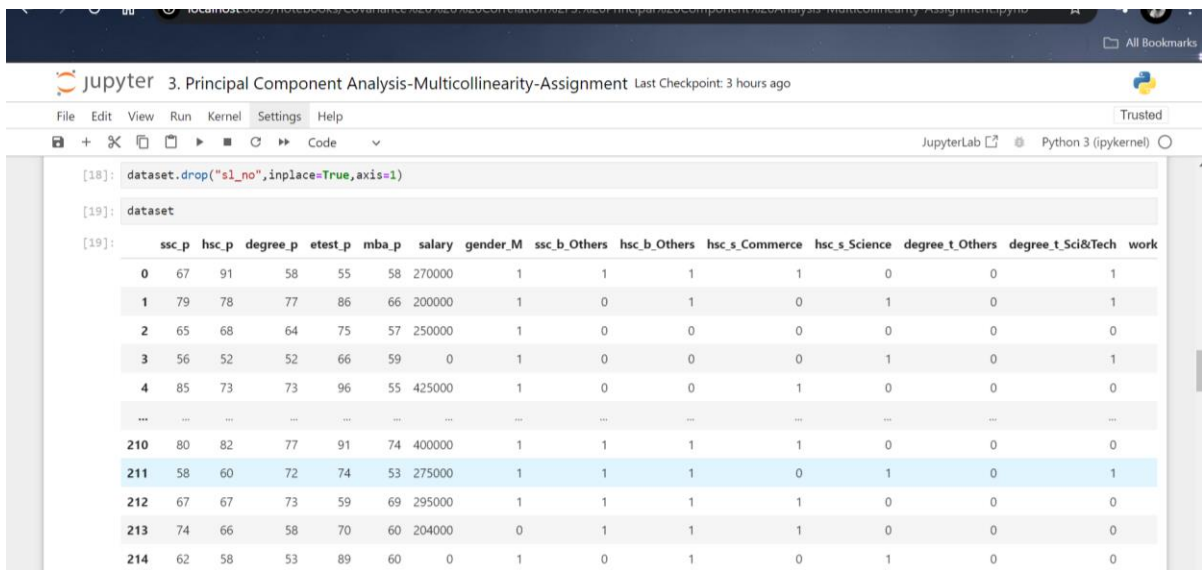
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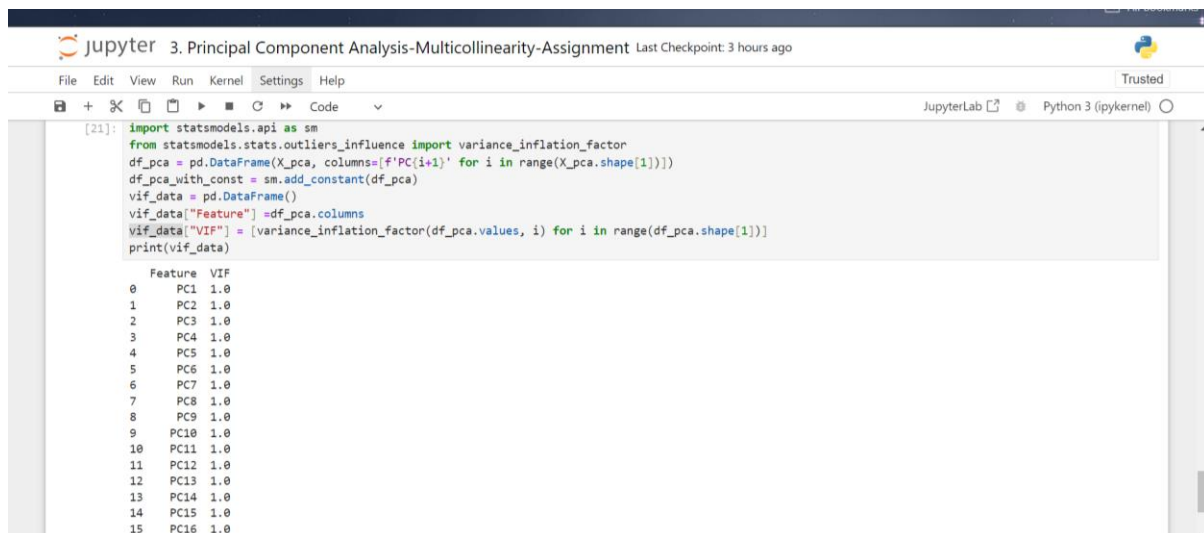
JupyterLab Python 3 (ipykernel)

```
[16]: print(pca.explained_variance_ratio_)
    [0.20375502 0.15835064 0.10134497 0.08025629 0.07196321 0.06976795
    0.06122736 0.05408003 0.04625682 0.0371057 0.03065342 0.02887605
    0.02425574 0.01643373 0.01185178 0.00382128]

[17]: dataset.isnull().sum()

[17]: sl_no          0
    ssc_p          0
    hsc_p          0
    degree_p       0
    etest_p        0
    mba_p          0
    salary         0
    gender_M       0
    ssc_b_Others   0
    hsc_b_Others   0
    hsc_s_Commerce 0
    hsc_s_Science  0
    degree_t_Others 0
    degree_t_Sci&Tech 0
    workex_Yes     0
    specialisation_Mkt&HR 0
    status_Placed  0
    dtype: int64
```





The image shows a JupyterLab interface with a code editor and an output area. The code in the editor performs PCA on a dataset, adds a constant to the principal components, and calculates the Variance Inflation Factor (VIF) for each feature. The output area displays a table of VIF values for 16 features (PC1 to PC16), all of which are 1.0.

```
[21]: import statsmodels.api as sm
from statsmodels.stats.outliers_influence import variance_inflation_factor
df_pca = pd.DataFrame(X_pca, columns=[f'PC{i+1}' for i in range(X_pca.shape[1])])
df_pca_with_const = sm.add_constant(df_pca)
vif_data = pd.DataFrame()
vif_data["Feature"] = df_pca.columns
vif_data["VIF"] = [variance_inflation_factor(df_pca.values, i) for i in range(df_pca.shape[1])]
print(vif_data)
```

	Feature	VIF
0	PC1	1.0
1	PC2	1.0
2	PC3	1.0
3	PC4	1.0
4	PC5	1.0
5	PC6	1.0
6	PC7	1.0
7	PC8	1.0
8	PC9	1.0
9	PC10	1.0
10	PC11	1.0
11	PC12	1.0
12	PC13	1.0
13	PC14	1.0
14	PC15	1.0
15	PC16	1.0

Summary:

By using PCA, we address multicollinearity by ensuring that the features used in the regression model are uncorrelated, leading to more stable and interpretable results.

7. What is Centering and Scaling?

Centering and scaling are fundamental preprocessing steps to reduce multicollinearity and improve the performance of regression models. Here's a breakdown of these concepts and how they help, along with code to implement them.

Centering:

This involves subtracting the mean of each feature from the feature values. It repositions the data so that its mean is zero. This is useful for standardizing features and can help in cases where the data features have different means.

Scaling:

This involves dividing each feature by its standard deviation. Scaling transforms the feature values so that they have unit variance. This ensures that features are on the same scale, which is important for algorithms sensitive to feature scaling, such as Ridge and Lasso regression.

Why Centering and Scaling help with Multicollinearity?

- **Multicollinearity:**

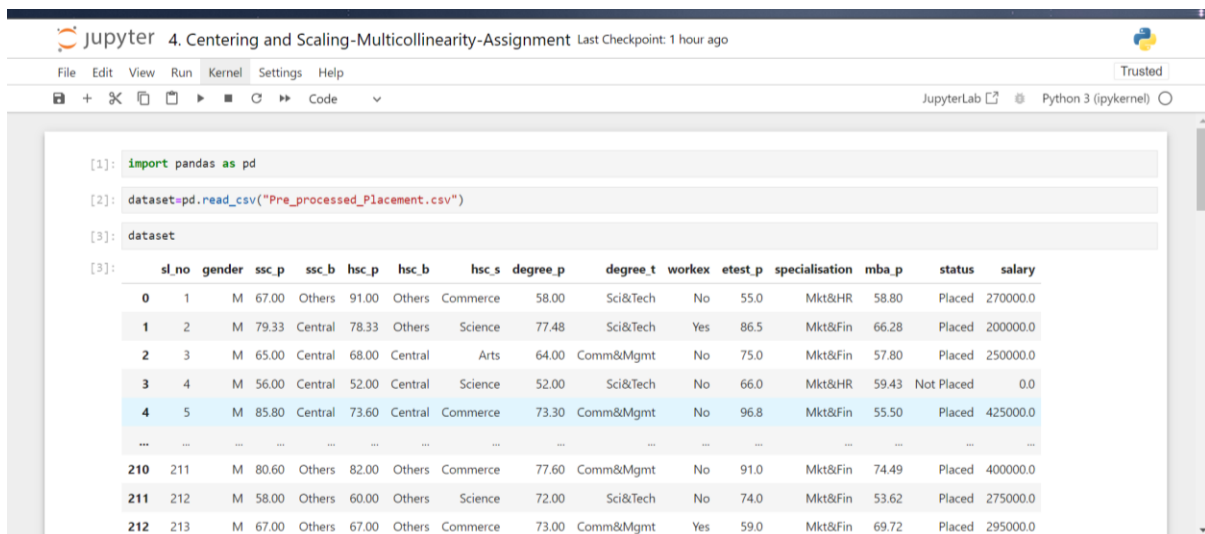
When features are highly correlated, it can cause instability in the estimation of regression coefficients. Centering and scaling can mitigate this by ensuring that the features are on a similar scale and have a mean of zero.

- **Regularization:**

Techniques like Ridge and Lasso regression add a penalty based on the size of coefficients. Centering and scaling make these penalties more effective and consistent across features.

 Illustration:

<https://github.com/Rayenai/Bivariate-Analysis---Multicollinearity--Assignment>



Jupyter 4. Centering and Scaling-Multicollinearity-Assignment Last Checkpoint: 1 hour ago

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JupyterLab Python 3 (ipykernel)

```
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1	2	M	79.33	Central	78.33	Others	Science	77.48	Sci&Tech	Yes	86.5	Mkt&Fin	66.28	Placed	200000.0
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4	5	M	85.80	Central	73.60	Central	Commerce	73.30	Comm&Mgmt	No	96.8	Mkt&Fin	55.50	Placed	425000.0
...
210	211	M	80.60	Others	82.00	Others	Commerce	77.60	Comm&Mgmt	No	91.0	Mkt&Fin	74.49	Placed	400000.0
211	212	M	58.00	Others	60.00	Others	Science	72.00	Sci&Tech	No	74.0	Mkt&Fin	53.62	Placed	275000.0
212	213	M	67.00	Others	67.00	Others	Commerce	73.00	Comm&Mgmt	Yes	59.0	Mkt&Fin	69.72	Placed	295000.0

```
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[4]: dataset=pd.get_dummies(dataset,drop_first=True)

[5]: dataset=dataset.astype(int)

[6]: independent = [col for col in dataset.columns if col != 'salary'] # Replace 'target_column' with your actual target column name
    dependent = 'salary'

[7]: independent=dataset[['sl_no', 'ssc_p', 'hsc_p', 'degree_p', 'etest_p', 'mba_p','gender_M', 'ssc_b_Others', 'hsc_b_Others', 'hsc_s_Commerce',
    'hsc_s_Science', 'degree_t_Others', 'degree_t_Sci&Tech', 'workex_Yes',
    'specialisation_Mkt&HR', 'status_Placed']]
    dependent=dataset[['salary']]

[8]: from sklearn.model_selection import train_test_split #skLearn is a library used for handling ML algorithm
    X_train,X_test,y_train,y_test=train_test_split(independent,dependent,test_size=0.30,random_state=0)

[9]: from sklearn.preprocessing import StandardScaler
    sc=StandardScaler()
    X_train_scaled=sc.fit_transform(X_train)
    X_test_scaled=sc.transform(X_test)

CENTERING AND SCALING
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[10]: # Mean should be close to 0 and variance should be close to 1

[11]: import numpy as np
    #before standarisation
    print("Mean of scaled training features:\n", np.mean(X_train, axis=0))
    print("Variance of scaled training features:\n", np.var(X_train, axis=0))

    Mean of scaled training features:
    sl_no          109.693333
    ssc_p           66.486667
    hsc_p           65.926667
    degree_p        65.646667
    etest_p         72.213333
    mba_p           61.413333
    gender_M        0.680000
    ssc_b_Others    0.446667
    hsc_b_Others    0.613333
    hsc_s_Commerce  0.526667
    hsc_s_Science   0.426667
    degree_t_Others 0.060000
    degree_t_Sci&Tech 0.273333
    workex_Yes      0.340000
    specialisation_Mkt&HR 0.460000
    status_Placed   0.680000
    dtype: float64
    Variance of scaled training features:
```

```
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    Variance of scaled training features:
    sl_no          3894.465956
    ssc_p           102.503156
    hsc_p           115.481289
    degree_p        53.961822
    etest_p         178.527822
    mba_p           35.655822
    gender_M        0.217600
    ssc_b_Others    0.247156
    hsc_b_Others    0.237156
    hsc_s_Commerce  0.249289
    hsc_s_Science   0.244622
    degree_t_Others 0.056400
    degree_t_Sci&Tech 0.198622
    workex_Yes      0.224400
    specialisation_Mkt&HR 0.248400
    status_Placed   0.217600
    dtype: float64

[12]: import numpy as np

    # After standarisation
    print("Means after scaling (should be close to zero):\n", np.mean(X_train_scaled, axis=0))
    print("Variances after scaling (should be close to one):\n", np.var(X_train_scaled, axis=0))
```

```
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status_Placed 0.217600
dtype: float64

[12]: import numpy as np

# After standarisation
print("Means after scaling (should be close to zero):\n", np.mean(X_train_scaled, axis=0))
print("Variances after scaling (should be close to one):\n", np.var(X_train_scaled, axis=0))

Means after scaling (should be close to zero):
[ 8.28966525e-17  2.10202226e-16  3.99680289e-16  7.65313738e-16
 -3.42688840e-16 -9.17784367e-17 -1.08061708e-16  2.96059473e-17
  7.40148683e-17  7.40148683e-18 -9.76996262e-17 -7.40148683e-18
  5.77315973e-17 -1.06581410e-16 -1.33226763e-17 -1.50990331e-16]
Variances after scaling (should be close to one):
[1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1.]
```

Summary:

- StandardScaler:

This scales features so that they have zero mean and unit variance. It's crucial for methods like Ridge and Lasso regression, which are sensitive to the scale of the features.
- Fitting and Transforming:

We can fit the scaler on the training data and then transform both the training and test data. This ensures that our test data is scaled consistently with our training data.
- Verification:

After scaling, the mean of the scaled features should be close to zero, and the variance should be close to one.
- Centering and scaling features is a good practice to help manage multicollinearity and ensure that regularization methods like Ridge and Lasso regression work effectively. By standardizing your features, we can ensure that they contribute equally to the model, which helps in obtaining more stable and interpretable regression coefficients.

