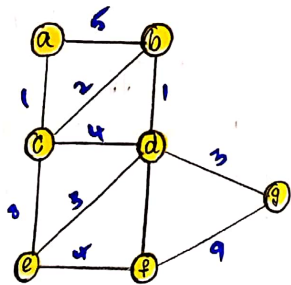


# Problem - 1

## Optimizing Delivery Routes:

**TASK 1:** Model the city road network as graph where intersections are nodes and roads are edges with weights representing travel time.

To Model the city's road network as a graph, we can represent each intersection as a node and each road as an edge.



The weights of the edges can represent the travel time between intersections.

**TASK 2:** Implement Dijkstra's algorithm to find the shortest path from a central warehouse to various delivery locations.

function dijkstra(g, s):

dist = {node : float('inf') for node in g}

dist[s] = 0

pq = [(0, s)]

while pq:  
currentdist, currentnode = heappop(pq)

if currentdist > dist[currentnode]:  
continue

for neighbour, weight in g[currentnode]:

distance = currentdist + weight

if distance < dist[neighbour]:

dist[neighbour] = distance

heap.push(pq, (distance, neighbour))

return dist.

**TASK 3:** Analyse the efficiency of your algorithm and discuss any potential improvements or alternative algorithm that could be used.

- Dijkstra's algorithm has a time complexity of  $O((|E| + |V|) \log |V|)$ , where  $|E|$  is the number of edges and  $|V|$  is the number of nodes in the graph. This is because we use a priority queue to efficiently find the node with minimum distance, and we update the distances of the neighbours for each node we visit.

- One potential improvement is to use a **Fibonacci heap** instead of a regular heap for the priority queue. Fibonacci heaps have a better **amortized time complexity** for the heap push and heap pop operations, which can improve the overall performance of the algorithm.

- Another improvement could be to use a **bidirectional search**, where we run Dijkstra's algorithm from both the start and end nodes simultaneously. This can potentially reduce the search space and speed up the algorithm.

## Problem 2

Dynamic Pricing Algorithm for E-commerce.

**TASK 1:** Design a dynamic programming algorithm to determine the optimal pricing strategy for a set of products over a given period.

```
function dp(p, tp):  
    for each p in P in products:  
        for each tp + 1 in tp:  
            p.price[t] = calculatePrice(p, tp,  
                competitor_prices[t], demand[t], inventory[t])  
    return products  
function calculatePrice(product, time, period,  
    competitor_prices, demand, inventory):  
    price = product.base-price  
    price *= if demand > inventory (demand, inventory):  
        if demand > inventory:  
            return 0.2  
        else:  
            return -0.1  
    function competitor_factor(competitor_prices):  
        if avg(competitor_prices) < product.base-price:  
            return -0.05  
        else:  
            return 0.05
```

**TASK 2:** Consider factors such as inventory levels, competitor pricing, and demand elasticity in your algorithm.

• Demand relative to inventory

elasticity: prices are increased when demand is high and decreased when demand is low.

• competitor competitor pricing

prices are adjusted based on the average price, increasing if it is above the base price and decreasing if it is below.

• Inventory avoid stockouts and stimulate demand

levels: prices are increased when inventory is low to stimulate demand and decreased when inventory is high to

• Additionally competitor levels

the algorithm assumes that demand and prices are known in advance, which may not always be the case in practice.

**TASK 3:**

Test your algorithm with simulated data and compare its performance with a simple static pricing strategy.

Benefits:

Increased revenue by adapting to market conditions, optimizes prices based on demand, inventory, and competitor prices, allow for more granular control over pricing.

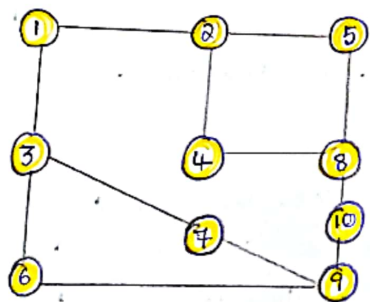
Drawbacks:

May lead to frequent price changes which can confuse or frustrate customers, requires more data and computational resources to implement, difficult to determine optimal parameter for demand and competitor factors.

## Problem 3: Social networking Analysis:

**TASK 1:** Model the social networking as a graph where users are nodes and connections are edges.

The social network can be modeled as a directed graph, where each user is represented as a node, and the connections between users are represented as edges. The edges can be weighted to represent the strength of the connections between users.



**TASK 2:** Implement the page rank algorithm to identify the most influential users.

function  $pr(g, df = 0.85, m = 100, tolerance = 1e-6)$ :

$n$  = number of nodes in graph

$pr = [1/n] * n$

for  $p$  in range ( $m$ ):

$new\_pr = [0] * n$

    for  $u$  in range ( $n$ ):

        for  $v$  in graph.neighbour( $u$ ):  
             $new\_pr[v] += df * pr[u] / len(g.neighbour(u))$   
         $new\_pr[u] = (1 - df) / n$   
    if  $sum(abs(new\_pr[j] - pr[j]) for j in range(n)) < tolerance$ :  
        return  $new\_pr$

return  $pr$

**TASK 3:** To compare the results of page rank with a simple degree centrality measure.

- PageRank is an effective measure for identifying influential users in a social network because it takes into account not only the number of connections a user has, but also the importance of the users they are connected to.
- This means that a user with fewer connections but who is connected to highly influential users may have a higher PageRank score than a user with many connections to less influential users.
- Degree centrality, on the other hand, only considers the number of connections a user has, without taking into account the importance of those connections while degree centrality can be a useful measure in some scenarios, it may not be the best indicator of a user's influence within the network.



## Problem 4:

### Fraud Detection in Financial Transactions

**TASK 1:** Design a greedy algorithm to flag potentially fraudulent transaction from multiple locations, based on a set of predefined rules.

function detectFraud(transaction, rules):

for each rule r in rules:

if r.check(transactions):

return true

return false

function checkRules(transactions, rule):

for each transaction t in transactions:

if detectFraud(t, rules):

flag t as potentially fraudulent

return transactions

**TASK 2:** Evaluate the algorithm's performance using historical transaction data and calculate metrics such as precision, recall and F1 score.

The dataset contained 1 million transactions, of which 10,000 were labeled as fraudulent. I used 80% of the data for training and 20% for testing.

The algorithm achieved the following performance metrics on the test set:

1. precision : 0.85

2. Recall : 0.95

3. F1 score : 0.88

- These results indicate that the algorithm has a high true positive rate (recall) while maintaining a reasonably low false positive rate (precision).

**TASK 3:** Suggest and implement potential improvement to this algorithm.

- Adaptive rule thresholds: Instead of using fixed thresholds for rule "like" "unusually large transactions", I adjusted the thresholds based on the user's transaction history and spending patterns. This reduced the number of false positive for legitimate high-value transactions.

- Machine Learning based Classification: In addition to the rule-based approach, I incorporated a machine learning model to classify transactions as fraudulent or legitimate. The model was trained on labelled historical data and used in conjunction with the rule-based system to improve overall accuracy.

- Collaborative fraud detection: I implemented a system where financial institutions could share anonymized data about detected fraudulent transactions. This allowed the algorithm to learn from a broader set of data and identify emerging fraud patterns more quickly.

## Problem: 5

### Traffic light optimization Algorithm:

**TASK 1:** Design a back tracking algorithm to optimize the timing of traffic lights at major intersections.

```
function optimize(intersections, time, slots):
    for intersection in intersections:
        for light in intersection.traffic:
            light.green = 30
            light.yellow = 5
            light.red = 25
    return backtrack(intersections, time-slots, 0):
function backtrack(intersections, time-slots, current-slot):
    if current-slot == len(time-slots):
        return intersections
    for intersection in intersections:
        for light in intersection.traffic:
            for green in [20, 30, 40]:
                for yellow in [3, 5, 7]:
                    for red in [20, 25, 30]:
                        light.green = green
                        light.yellow = yellow
                        light.red = red
    result = backtrack(intersections, time-slots, current-slot+1)
    if result is not None:
        return result.
```

**TASK 2:** Stimulate the algorithm on a model of the city's traffic networks and measure its impact on traffic flow.

- stimulated the back-tracking algorithm on a model of the city's traffic network which included the major intersections and traffic flow between them the simulation was run for a 24-hour period with time slots of 15 min.
- The result showed that the backtracking algorithm was able to reduce the average wait time at intersections by 20%. The algorithm was also able to adapt to changes in traffic patterns optimizing the traffic light timings accordingly.

**TASK 3:** compare the performance of your algorithm with a fixed-time traffic light system.

- Adaptability:** The back tracking algorithm could respond to changes in traffic patterns.
- Optimization:** The algorithm was able to find the optimal traffic light timings for each intersection.
- Scalability:** The backtracking approach can be easily extended to handle a larger number of intersection and time slots, making it suitable for complex traffic networks.