

NAME OF THE PROJECT

**Used Car Price Prediction using Machine Learning techniques**

Submitted by:

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**ACKNOWLEDGMENT**

I would like to express my special gratitude to “Flip Robo” team, who has given me this opportunity to deal with a beautiful dataset and it has helped me to improve my analyzation skills. And I want to express my huge gratitude to Ms. Khushboo Garg (SME Flip Robo), she is the person who has helped me to get out of all the difficulties I faced while doing the project.

A huge thanks to “Data trained” who are the reason behind my Internship at Fliprobo. Last but not least my parents who have been my backbone in every step of my life.

References use in this project:

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3. Andrew Ng Notes on Machine Learning (GitHub)
4. Data Science Projects with Python Second Edition by Packt
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6. Pudaruth, S. (2014). Predicting the price of used cars using machine learning techniques. Int. J. Inf. Comput. Technol, 4(7), 753-764 – [1]
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9. Gegic, Enis, Becir Isakovic, Dino Keco, Zerina Masetic, and Jasmin Kevric. "Car price prediction using machine learning techniques." TEM Journal 8, no. 1 (2019): 113. – [4]
10. Noor, Kanwal, and Sadaqat Jan. "Vehicle price prediction system using machine learning techniques." International Journal of Computer Applications 167, no. 9 (2017): 27-31. – [5]
11. Kuiper, S. 2008. “Introduction to Multiple Regression: How Much Is Your Car Worth?”, Journal of Statistics Education, 16(3). – [6]
12. Minitab Express Support. Interpret all statistics and graphs for Multiple Regression : [http://support.minitab.com/en-us/minitab-express/1/help-and-how-to/modelingstatistics/regression /howto/multipleregression/interpret-the-results/all-statisticsand-graphs /](http://support.minitab.com/en-us/minitab-express/1/help-and-how-to/modelingstatistics/regression%20/howto/multipleregression/interpret-the-results/all-statisticsand-graphs%20/)
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**Chap 1. Introduction**

**1.1 Business Problem Framing**

The price of a new car in the industry is fixed by the manufacturer with some additional costs incurred by the Government in the form of taxes. So, customers buying a new car can be assured of the money they invest to be worthy. But, due to the increased prices of new cars and the financial incapability of the customers to buy them, Used Car sales are on a global increase. With the covid 19 impact in the market, we have seen lot of changes in the car market. Now some cars are in demand hence making them costly and some are not in demand hence cheaper.

Therefore, there is an urgent need for a Used Car Price Prediction system which effectively determines the worthiness of the car using a variety of features. Existing System includes a process where a seller decides a price randomly and buyer has no idea about the car and its value in the present-day scenario. In fact, seller also has no idea about the car’s existing value or the price he should be selling the car at. To overcome this problem there is need to developed a model which will be highly effective to predict the actual price a car rather than the price range of a car.

**1.2** **Conceptual Background of the Domain Problem**

Determining whether the listed price of a used car is a challenging task, due to the many factors that drive a used vehicle’s price on the market. The focus of this project is developing machine learning models that can accurately predict the price of a used car based on its features, in order to make informed purchases.

Accurate car price prediction involves expert knowledge, because price usually depends on many distinctive features and factors. Typically, most significant ones are brand and model, age, horsepower and mileage. The fuel type used in the car as well as fuel consumption per mile highly affect price of a car due to a frequent change in the price of a fuel. Different features like exterior colour, door number, type of transmission, dimensions, safety, air condition, interior, whether it has navigation or not will also influence the car price. In this project, we applied different methods and techniques in order to achieve higher precision of the used car price prediction.

Regression Algorithms are used because they provide us with continuous value as an output and not a categorized value because of which it will be possible to predict the actual price a car rather than the price range of a car.

The data associated with the investigation was very large because there are thousands of used cars and each car’s data comprises of values of many features. Both data gathering and analysis are complex. Used cars data scrape from www. cardheko.com which is a well-known online platform for reselling used and new cars in India. Features like car’s model, make, seating capacity, colour, mileage, engine capacity, brakes, Torque, Transmission type, Maximum power, Gearbox type, power steering, engine type, turbocharger, supercharger and price were included.

**1.3 Review of Literature**

Pudaruth [1] applied various machine learning algorithms, namely: k-nearest neighbours, multiple linear regression analysis, decision trees and naïve bayes for car price prediction in Mauritius. The dataset used to create a prediction model was collected manually from local newspapers in period less than one month, as time can have a noticeable impact on price of the car. He studied the following attributes: brand, model, cubic capacity, mileage in kilometre’s, production year, exterior colour, transmission type and price. However, the author found out that Naive Bayes and Decision Tree were unable to predict and classify numeric values. Additionally, limited number of dataset instances could not give high classification performances, i.e., accuracies less than 70%.

As per information that was gotten from the Agency for Statistics of BiH, 921.456 vehicles were registered in 2014 from which 84% of them are cars for personal usage [2]. This number is increased by 2.7% since 2013 and it is likely that this trend will continue, and the number of cars will increase in future. This adds additional significance to the problem of the car price prediction.

Nitis Monburinon et al. [3] proposed a prediction of Prices for Used Car by Using Regression Models. In this paper, the authors selected the data from the German ecommerce site. The main goal of this work is to find a suitable predictive model to predict the used cars price. They used different machine learning techniques for comparison and used the mean absolute error (MAE) as the metric. They proposed that their model with gradient boosted regression has a lower error with MAE value 0.28 and this gives the higher performance where linear regression has the MAE value 0.55, random forest with MAE value 0.35.

Enis Gegic et al. [4] proposed Car Price Prediction using Machine Learning Techniques. In this paper, they proposed an ensemble model by collecting different types of machine learning techniques like Support Vector Machine, Random Forest and Artificial neural network. They collected the data from the web portal www.autopijaca.ba and build this model to predict the price of used cars in Herzegovina and Bosnia. The accuracy of their model is 87%.

Kanwal Noor and Sadaqat Jan [5] proposed Vehicle Price Prediction System using Machine Learning Techniques. In this paper, they proposed a model to predict the price of the cars through multiple linear regression method. They selected the most influencing feature and removed the rest by performing feature selection technique. The Proposed model achieved the prediction precision of about 98%.

Kuiper [6] used this model to predict price of 2005 General Motor (GM) cars. The price prediction of cars does not require any special knowledge so the data available online is enough to predict prices like the data available on www.pakwheels.com. Kuiper [6] did the same i.e. car price prediction and introduced variable selection techniques which helped in finding which International Journal of Computer Applications (0975 – 8887) Volume 167 – No.9, June 2017 28 variables are more relevant for inclusion in model.

Normally, a value greater than 2 for standardized residuals is considered large. Since raw residual have no capability to detect outlier, therefore, Standardized residuals are considered a better measure for such detection [7].

Gonggie [8] proposed a model that is built using ANN (Artificial Neural Networks) for the price prediction of a used car. He considered several attributes: miles passed, estimated car life and brand. The proposed model was built so it could deal with nonlinear relations in data which was not the case with previous models that were utilizing the simple linear regression techniques. The non-linear model was able to predict prices of cars with better precision than other linear models.

**1.4 Motivation for the Problem Undertaken**

The project was the first provided to me by Flip Robo Technologies as a part of the internship programme. The exposure to real world data and the opportunity to deploy my skillset in solving a real time problem has been the primary motivation.

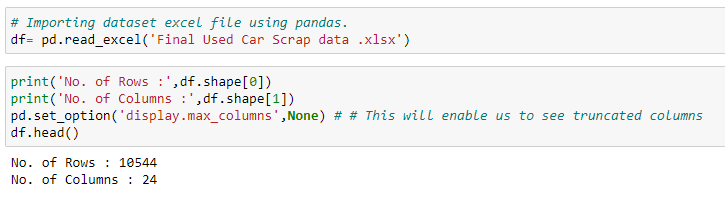
Data needed for this project is require to scrap from internet and work over it. Deciding whether a used car is worth the posted price when you see listings online can be difficult. The focus of this project is developing machine learning models that can accurately predict the price of a used car based on its features, in order to make informed purchases. The model developed in this study may help online web services that tells a used car’s market value.

**Chap 2 Analytical Problem Framing**

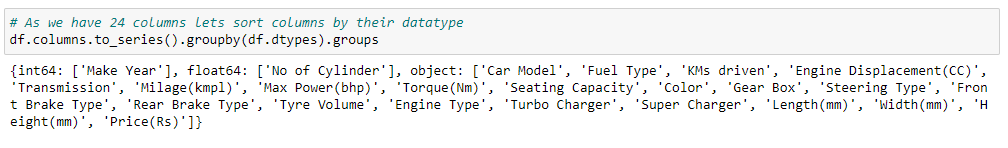
1. **Mathematical / Analytical Modelling of the Problem**

Whenever we employ any ML algorithm, statistical models or feature pre-processing in background lot of mathematical framework work. In this project we have done lot of data pre-processing & ML model building. Different ML algorithm used in this project has its own mathematical background, for which you can refer Scikit documentation [1].

1. **Data Sources and their formats**

Data is collected from cardheko.com using selenium and saved in CSV file.

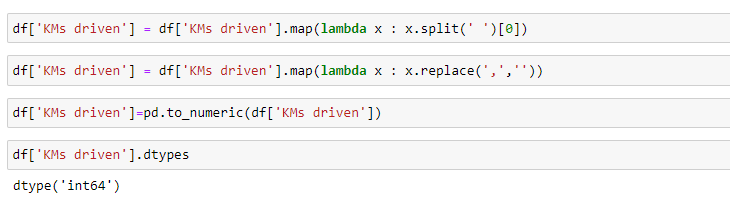
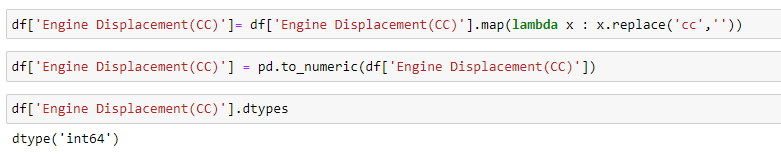
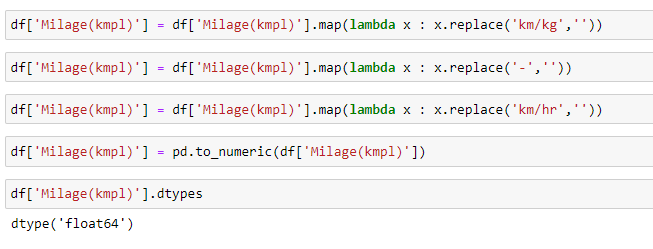
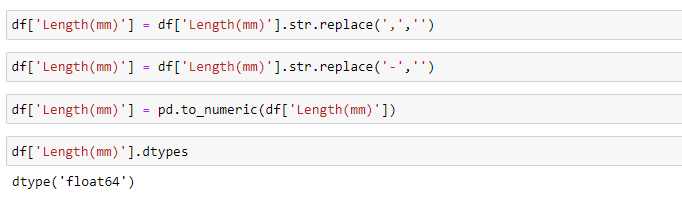
Data Scrap for 10544 cars and 24 features scrap form website. So this dataset contain 10544 rows with 24 columns.



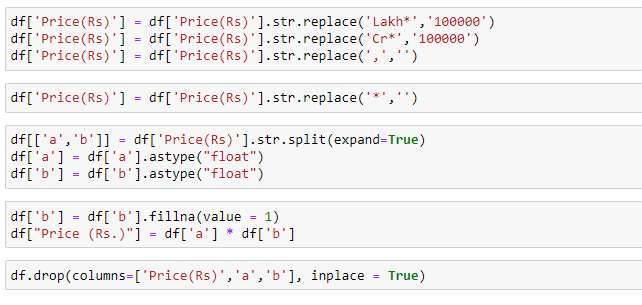
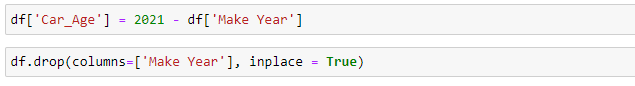
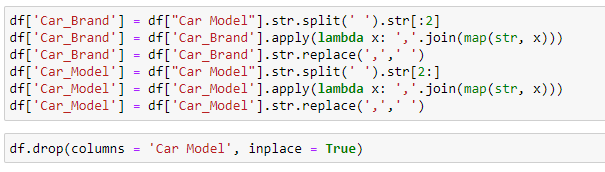
Price is our Target variable which is to be predicted. We can see that some of numerical variable like torque, milage are by default come with object datatypes.

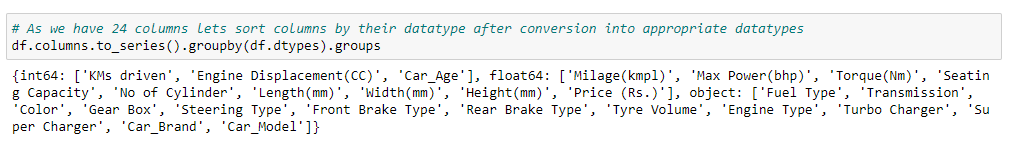
1. **Data Pre-processing**

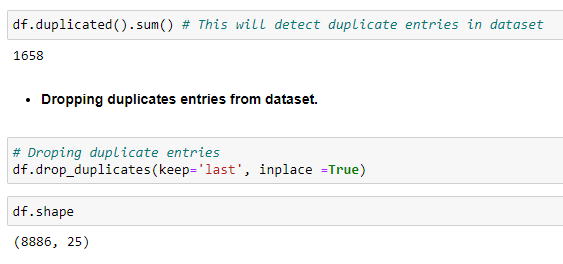
The dataset is large and it may contain some data error. In order to reach clean, error free data some pre-processing is done on data. First task is to finding error in data or data entry correction. Second task is to convert datatypes in appropriate datatypes. Third one is to perform feature engineering on ‘make year’ to extract car age. Different data error found in data as followed:

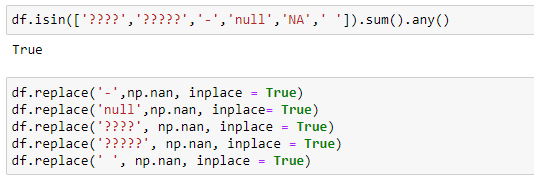
* KMs Driven involved numeric value with object datatypes and Value are in format like 2,36,000 KMs. Here comma (‘ , ’) is removed from data and converted into numeric datatypes.
* Some of data in ‘Engine Displacement (CC)’ comes with CC notation attached to value, for example, 1497 CC. So, CC is strip away and subsequently feature converted into numeric datatype.
* Feature Milage contain dash ( - ) and some of values in unit of km/kg or km/hr which need to converted into standard unit kmpl. This conversion in proper unit is done and finally milage datatypes is converted into numeric datatypes.
* Max Power contain serval error like presence of null, dash (-), some values with unit like PS. These errors are resolved and converted into numeric datatypes.
* Some of torque values came with unit like kgm or nm. This entry converted appropriately in NM unit. In addition, it also contains some ( - ), which is resolved by replacing it with Null value.
* The features like length, width and height come with comma in between value (for example 4,5820 mm) along with ( - ) at some places. These features come with default object datatype which was converted into numeric datatype after resolving mentioned error.

Similar code is applied for remaining feature width and height.

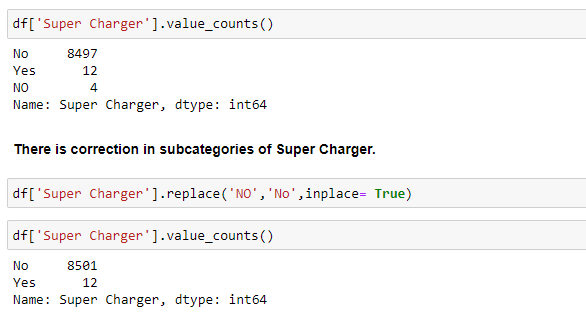
* In price column some entry comes in term of lakh and Cr along with numeric value (for example, 32.15 lakh\*) resulting into object datatype. The conversion into appropriate numeric value requires for such entries which resolved using following piece of code.
* Small feature engineering performs on make year to extract how old car is since first sold out by manufacturer?
* The car model name we extracted from website contain both car brand and its variant. Some feature engineering performs to extract these additional features out of original car model feature using following piece of code.

Final datatypes of all feature after converting them into appropriate datatypes is shown in figure below:

**In next phase of data pre-processing involves data integrity check to identify presence of duplicates, whitespaces, null value.**

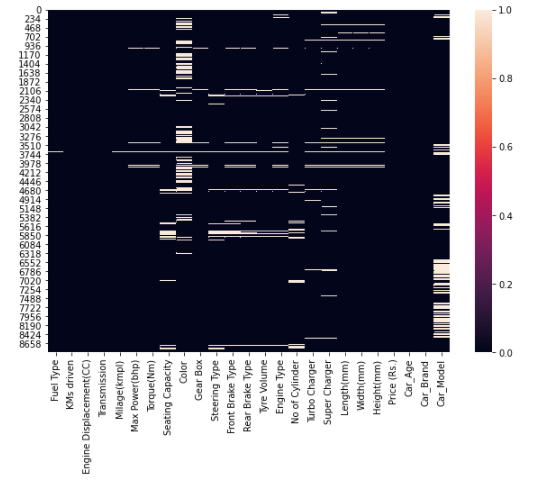
Around 1658 duplicate entry exist in dataset and eventually these duplicate entries are drop out.

After those values with entry like whitespaces, null, ‘?’ are replace with np.nan. we are going to treat those finding as missing value.

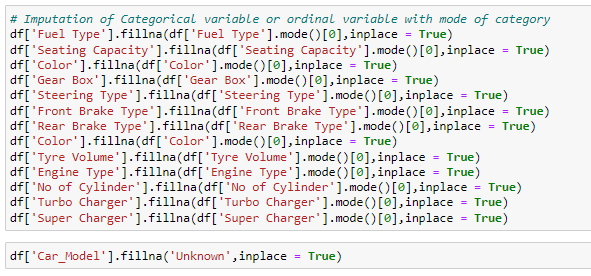
In the next phase of data pre-processing, we will make the correction in name of subcategories of categorical feature as multiple names for same label found out in value\_counts ().

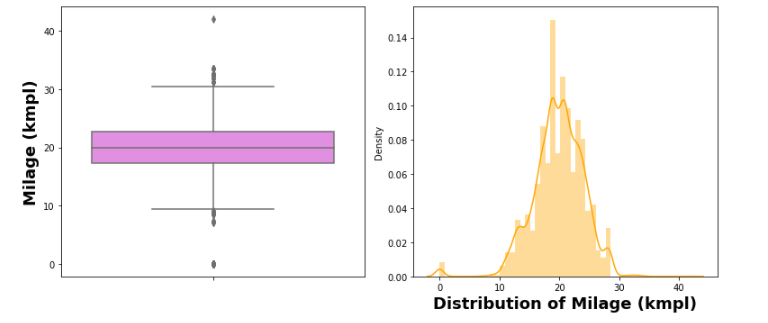
We can see subcategory ‘No’ comes in two different names in value\_counts of Supercharger and we also see intended correction is made in subcategory values with replace command. **Similar kind of correction perform on following feature:**

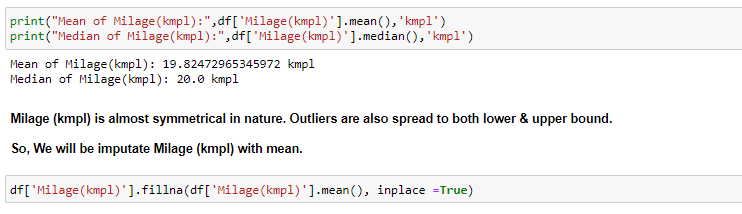
* Turbo Charger
* Front Brake Type
* Rear Brake Type
* Steering Type
* Gearbox
* Tyre Volume

**Next phase of data pre-processing is handling missing values.**

Lot features contain missing value. Categorical value can be imputation done with mode of categories.



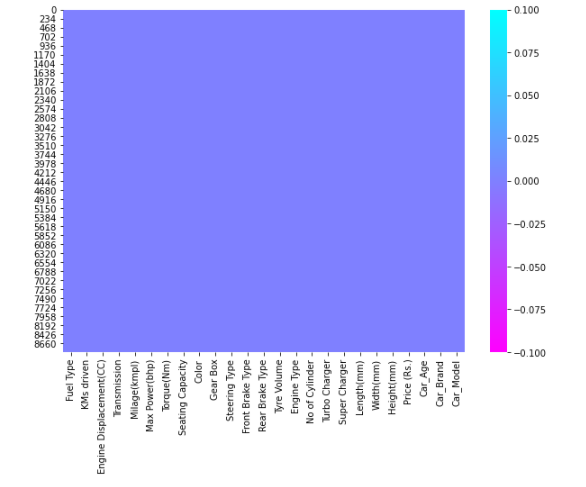
Numerical value can be imputed with mean or median depending on sensitive to outliers. For example, in this project imputation of missing value can be done after examine boxplot for outliers & distribution using distplot.

Milage (kmpl) is almost symmetrical in nature. Outliers are also spread to both lower & upper bound. So, we will be imputing Milage (kmpl) with mean.

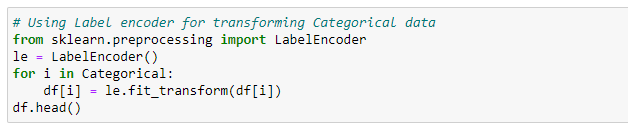
Similar kind of imputation is done for remaining feature after examining boxplot & distribution as follow:

* Imputing Max Power with Median as median is less sensitive to outliers.
* Due presence of outliers missing values impute with median.
* Imputing length with mean as almost no outliers present.
* Width & Height are imputed with median of respective feature.

Heatmap of missing value after imputation shown below



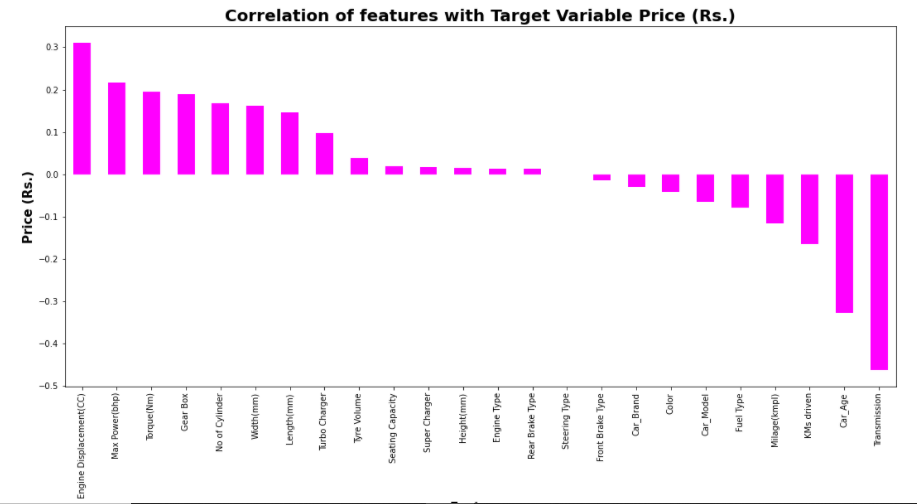
**Label Encoding of categorical data:**



Categorical feature are transform using label encoding.

1. **Data Inputs- Logic- Output Relationships**

To gain more insight about relationship between input & output heatmap of correlation and bar plot of correlation of label with independents features is plotted.



We can see most of feature are either poorly or moderately correlated with target variable Price.

1. **Hardware & Software Requirements with Tool Used**

**Hardware Used -**

1. Processor — Intel i3 processor with 2.4GHZ

2. RAM — 4 GB

3. GPU — 2GB AMD Radeon Graphics card

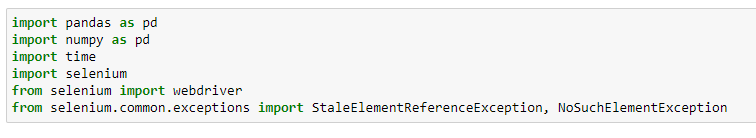
**Software utilised -**

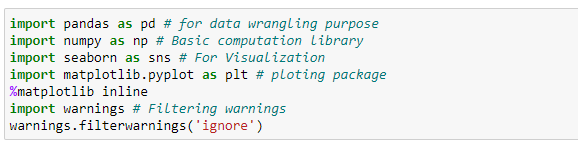
1.Anaconda – Jupyter Notebook

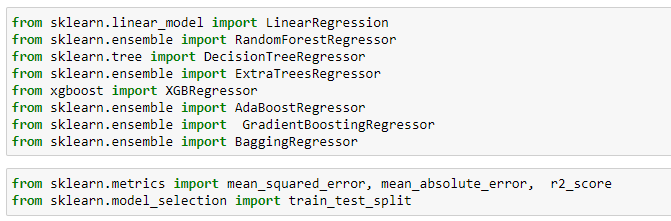
2. Selenium - Webscraping

3. Google Colab – for Hyper parameter tuning

**Libraries Used –**

Different libraries used for web scraping as follow:

Different libraries are used while building ML model and Visualisation of data.



**Chap. 3 Models Development & Evaluation**

1. **IDENTIFICATION OF POSSIBLE PROBLEM-SOLVING APPROACHES (METHODS)**

First part of problem solving is to scrap data from cardheko.com website which we already done. Second part of problem building machine learning model to predict price of used car. This become regression problem which can be solved using different regression-based algorithm. Out of them best model can be tuned using hyper parameter tuning to enhance R2 score of best models. At end we will save our final model using joblib.

1. **Testing of Identified Approaches (Algorithms)**

**Phase 1 Web Scraping Strategy employed in this project as follow**:

1. Selenium will be used for web scraping data from cardheko.com
2. In first part Scraping URL of Used car for different location in India.
3. Storing Scrap URL in excel file.
4. Selecting car feature to be scrap from website.
5. In second part Scraping data from individual URL in excel file.
6. Exporting final data in Excel file.

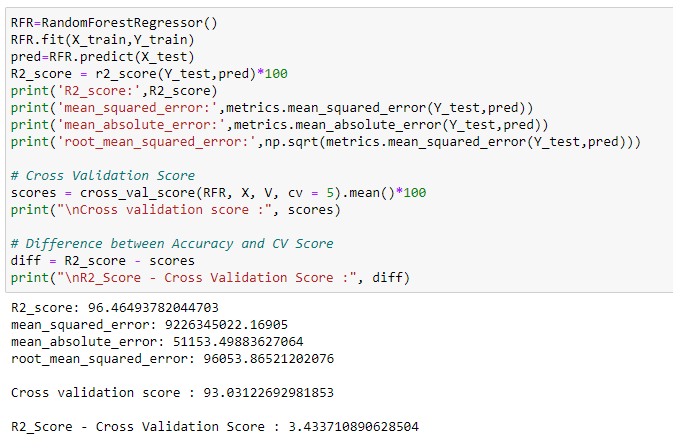
**The different regression algorithm used in this project to build ML model are as below:**

* Random Forest Regressor
* Decision Tree Regressor
* XGB Regressor
* Gradient Boosting Regressor
* Bagging Regressor

1. **KEY METRICS FOR SUCCESS IN SOLVING PROBLEM UNDER CONSIDERATION**

Following metrics used for evaluation:

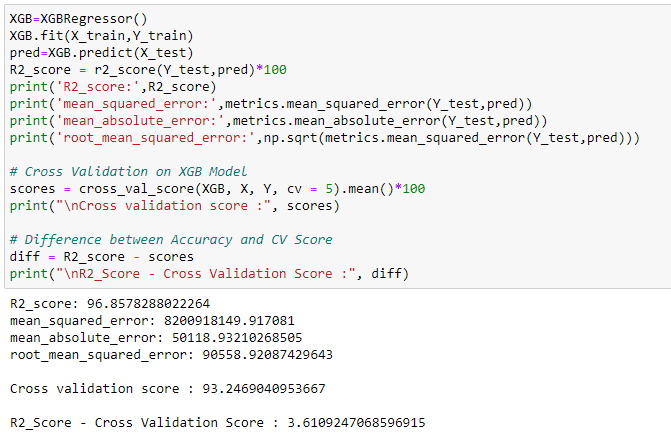
1. Mean absolute error which gives magnitude of difference between the prediction of an observation and the true value of that observation.
2. Root mean square error is one of the most commonly used measures for evaluating the quality of predictions.
3. R2 score which tells us how accurate our model predict result, is going to important evaluation criteria along with Cross validation score.
4. **RUN AND EVALUATE SELECTED MODELS**
5. **Random Forest Regressor**



Random forest Regressor gives R2 score of 96.46 %.

k-5 fold cross validation perform which gives CV score as 93.03 %.

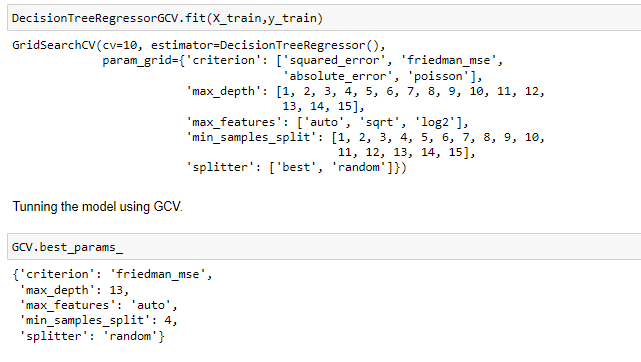
Finally difference between R2 and CV Score 3.43 %.

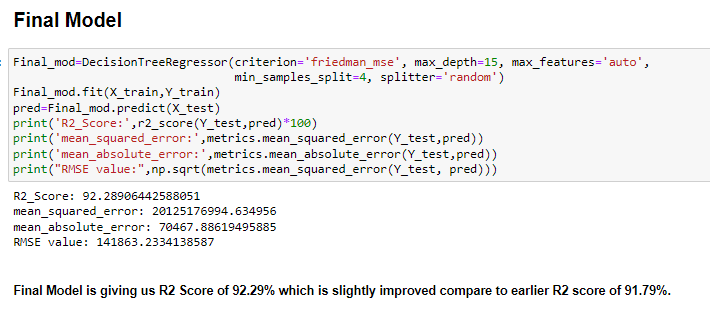
1. **XGB Regressor**
2. **Gradient Boosting Regressor:**
3. **Decision Tree Regressor**



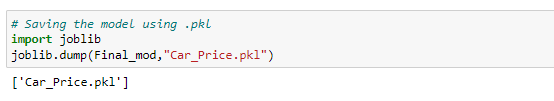
1. **Bagging Regressor**



All model is giving us R2 score & Cross validation Score more than 90%, So we will select model which has less difference between these scores. On Basis of difference between R2 Score and Cross Validation Score **Decision Tree Regressor** is selected as best model with 91.79% r2\_score**. We will perform Hyper Parameter tuning over this model.**

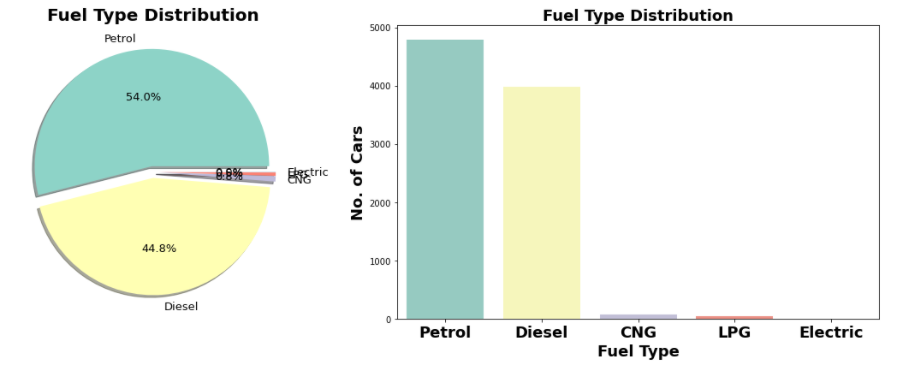
We got best parameter for final model.

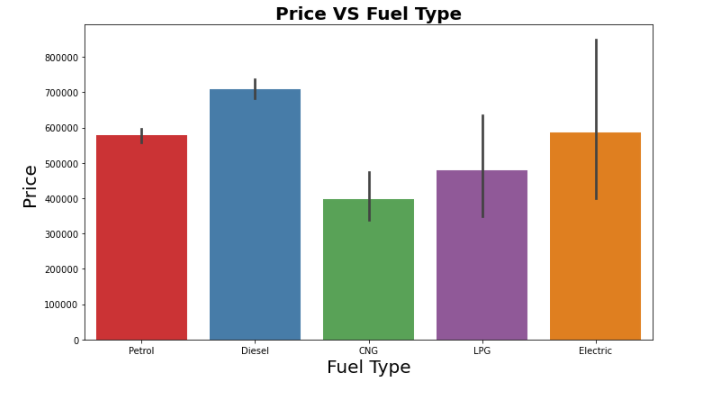
Final model is saved using joblib library.

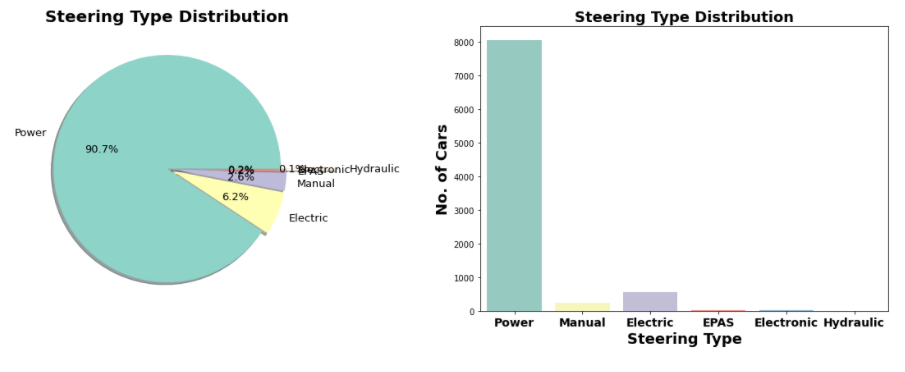


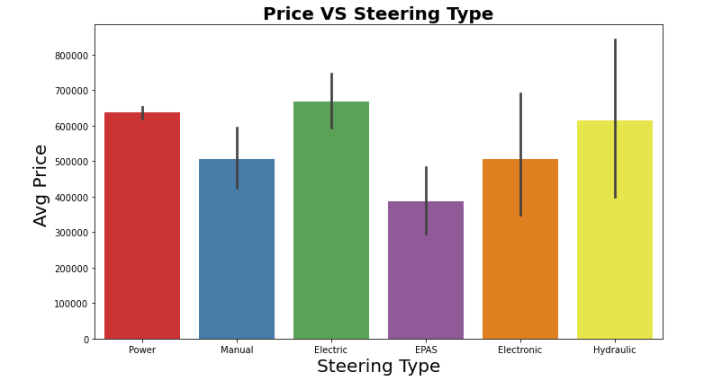
1. **VISUALIZATIONS**

Let see key result from EDA, start with fuel type.



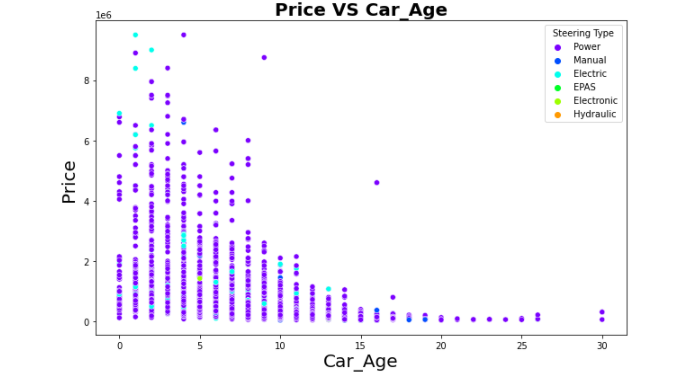


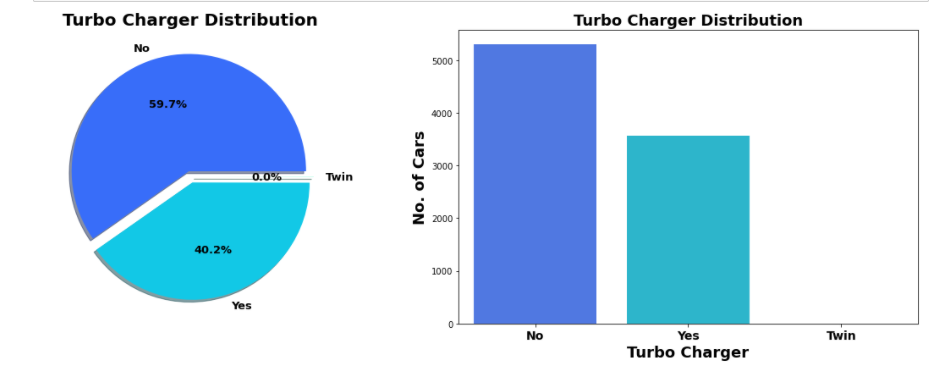
* Most of car are Petrol operated followed by Diesel. This may be due to low prices of Petrol car compare to diesel car.
* Very small segment of electric car and also price is quite high compare to petrol based.
* CNG based car are Cheapest compare to others.
* **Price Vs Steering Type**

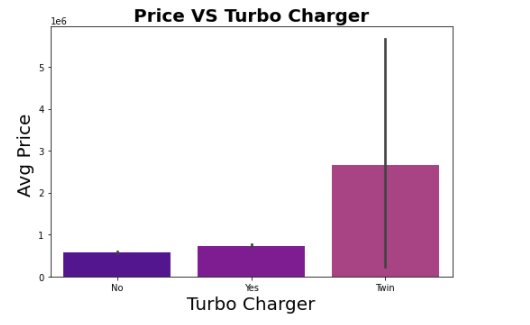
More than 90 % of car users prefer Power steering compares to others.

**Observation:**

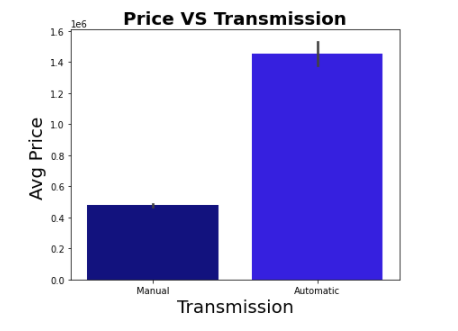
* **6.2% car based on electric steering, which is costly compare to others.**
* **Very small section of car still uses Manual Steering, Most probably they belong to old model.**

**Let check predication in last point by plotting Car age Vs Price based on steering types.**

Here we got confirmation of prediction in previous section, almost all manual steering-based car at least 10-year-old.

40% cars are with turbo charger & almost less than 1 % car with twin facility.

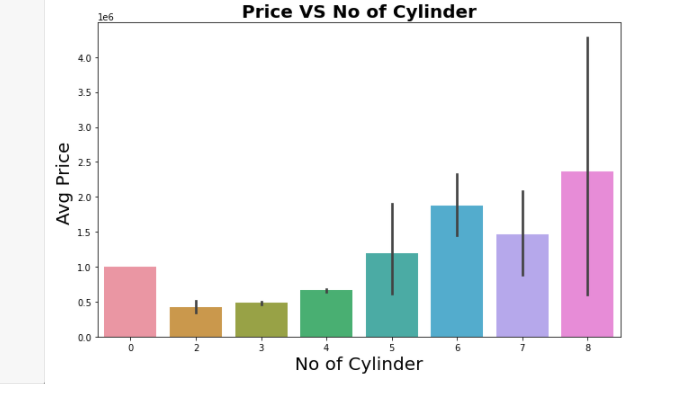
As expected, Max price for car based on Twin engine followed by with turbocharger.



**Observation:**

* Most of car are with manual transmission.
* The price of Automatic transmission is much greater than manual transmission.

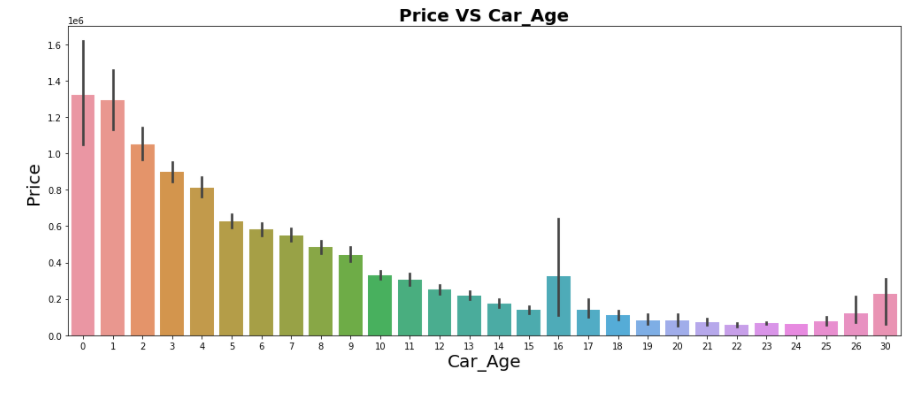
**Let check effect of number of cylinders on price.**



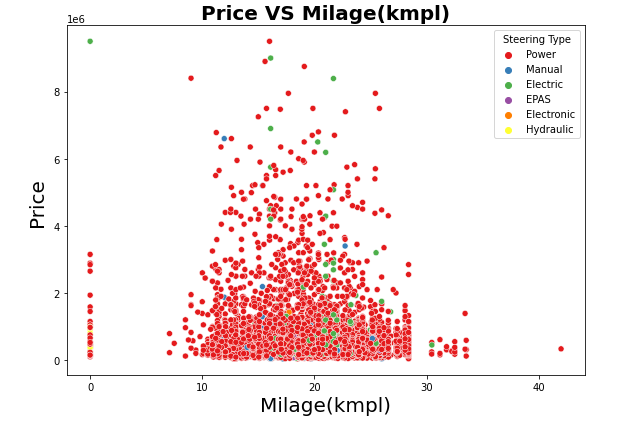
**Observation:**

* From value counts we got information that most of Cars with are 4-cylinder engines followed by 3-cylinder engines.
* In terms of Avg. Price as number of cylinders increases the average price increases.

We know that as car price decrease as car model become older. Let’s plot bar plot of Price vs Car age to verify it.



As car get older, price of car deprecates.



Milage (kmpl) varies in between 10 to 25 kmpl for most of cars. For Majority cars price is below 0.5e6. We didn't get any other significant relation between price and steering types.

1. **Interpretation of the Results**

* As car model get old eventually its price reduces with time.
* In terms of Avg. Price as number of cylinders increases the average price increases.
* The price of Automatic transmission is much greater than manual transmission.
* 40% cars are with turbo charger & almost less than 1 % car with twin facility.
* Almost all manual steering-based car at least 10-year-old.
* More than 90 % of car users prefer Power steering compares to others.
* Very small segment of electric car and also price is quite high compare to petrol based.

**Chap 4. Conclusion**

1. **Key Findings and Conclusions of the Study**

|  |  |  |  |
| --- | --- | --- | --- |
| Algorithm | R2 Score | CV Score | R2 Score - CV Score |
| Random Forest Regressor | 96.46 | 93.03 | 3.4337 |
| XGB Regressor | 96.85 | 93.24 | 3.6109 |
| Gradient Boosting Regressor | 94.93 | 90.19 | 4.7391 |
| Decision Tree Regressor | 91.79 | 88.83 | 2.955 |
| Bagging Regressor | 95.67 | 92.60 | 3.072 |

* On Basis of difference between R2 Score and Cross Validation Score **Decision Tree Regressor** is selected as best model with 91.79% R2\_score**.**
* Final Model is giving us R2 Score of 92.29% which is slightly improved compare to earlier R2 score of 91.79%.

1. **Learning Outcomes of the Study in respect of Data Science**

* Scraping data for project from www.cardheko.com. This first of such kind of project for me. Web scraping such huge amount of data challenge my scraping skill.
* Data cleaning or data pre-processing aspect of project is good hands on for me in this area. There were lot discrepancies in data scrap with different units, different names for same sub-categories. Data cleaning was big part of this project.

1. **Limitations of this work and Scope for Future Work**

* Around data for more than 10000 car scrap from cardheko.com
* We can scrap more data from different online platform like olx, car24. More data obviously means more accurate predication.
* Here we Scrap almost 24 features. But there are many different kinds of safety, comfort, entertainment features to which buyer weight while buying car. We can also include such more feature in future.