

**From your analysis of the categorical variables from the dataset, what could you infer about their effect on the dependent variable?**

As per my analysis on categorical columns using the differ charts like boxplot and bar plot.

Below are some points I can infer from the visualization –

Fall season seems to have attracted more booking. And, in each season the booking count has increased drastically from 2018 to 2019.

Most of the bookings has been done during the month of may, june, july, aug, sep and oct where weather is good.

Clear weather attracted more booking which seems obvious. It says during bad weather people don't prefer this option

Thu, Fri, Sat and Sun have more number of bookings as compared to the start of the week.

Bookings are lesser during holidays than working days

Bookings are same on working day or non-working day.

2019 attracted more number of booking than previous year, there is good progress in terms of business.

**Why is it important to use drop\_first=True during dummy variable creation?**

Answer:

drop\_first = True helps in reducing the extra column created during creation of dummy variable. Thereby reducing the correlations created among dummy variables.

Syntax - drop\_first: bool, default False, which implies whether to get k-1 dummies out of k categorical levels by removing the first level.

For example, in 3 types of values in Categorical column, we want to create dummy variable for that column. If one variable is not A and B, then it is obvious C. So we do not need 3rd variable to identify the C.

Looking at the pair-plot among the numerical variables, which one has the highest correlation with the target variable? (1 mark)

Answer: 'temp' variable has the highest correlation with the target variable.

How did you validate the assumptions of Linear Regression after building the model on the training set? (3 marks)

Answer: the assumption of Linear Regression Model based on below assumptions -

Normality of error terms

Error terms should be normally distributed

Multicollinearity check o

There should be insignificant multicollinearity among variables.

Linear relationship validation

Linearity should be visible among variables

Homoscedasticity

There should be no visible pattern in residual values.

Independence of residuals

No auto-correlation

Based on the final model, which are the top 3 features contributing significantly towards explaining the demand of the shared bikes? (2 marks)

Answer: Below are the top features contributing significantly towards explaining the demand of the shared bikes –

- temp
- winter
- sep

## General Subjective Questions

1. **Explain the linear regression algorithm in detail. (4 marks)** Answer: Linear regression may be defined as the statistical model that analyses the linear relationship between a dependent variable with given set of independent variables. Linear relationship between variables means that when the value of one or more independent variables will change (increase or decrease), the value of dependent variable will also change accordingly (increase or decrease).

Mathematically the equation is –  $Y = mX + c$

Y is the dependent variable we are trying to predict.

X is the independent variable we are using to make predictions.

m is the slope of the regression line which represents the effect X has on Y

c is a constant, known as the Y-intercept.

If  $X = 0$ , Y would be equal to c. Furthermore, the linear relationship can be positive or negative in nature as explained below–

Positive Linear Relationship:

A linear relationship will be called positive if both independent and dependent variable increases.

Negative Linear relationship:

A linear relationship will be called positive if independent increases and dependent variable decreases.

Linear regression is of the following two types –

Simple Linear Regression

Multiple Linear Regression

## 2. Explain the Anscombe's quartet in detail.

Anscombe's Quartet was developed by statistician Francis Anscombe. It comprises four datasets, each containing eleven (x, y) pairs. The essential thing to note about these datasets is that they share the same descriptive statistics. But things change completely, and I must emphasize COMPLETELY, when they are graphed. Each graph tells a different story irrespective of their similar summary statistics.

The summary statistics show that the means and the variances were identical for x and y across the groups:

- Mean of x is 9 and mean of y is 7.50 for each dataset.

- Similarly, the variance of x is 11 and variance of y is 4.13 for each dataset
- The correlation coefficient (how strong a relationship is between two variables) between x and y is 0.816 for each dataset

### **3. What is Pearson's R?**

Pearson's r is a numerical summary of the strength of the linear association between the variables. If the variables tend to go up and down together, the correlation coefficient will be positive. If the variables tend to go up and down in opposition with low values of one variable associated with high values of the other, the correlation coefficient will be negative.

The Pearson correlation coefficient,  $r$ , can take a range of values from +1 to -1. A value of 0 indicates that there is no association between the two variables. A value greater than 0 indicates a positive association; that is, as the value of one variable increases, so does the value of the other variable. A value less than 0 indicates a negative association; that is, as the value of one variable increases, the value of the other variable decreases.

### **What is scaling? Why is scaling performed? What is the difference between normalized scaling and standardized scaling?**

Feature Scaling is a technique to standardize the independent features present in the data in a fixed range. It is performed during the data pre-processing to handle highly varying magnitudes or values or units. If feature scaling is not done, then a machine learning algorithm tends to weigh greater values, higher and consider smaller values as the lower values, regardless of the unit of the values.

### **You might have observed that sometimes the value of VIF is infinite. Why does this happen?**

If there is perfect correlation, then  $VIF = \text{infinity}$ . A large value of VIF indicates that there is a correlation between the variables. If the VIF is 4, this means that the variance of the model coefficient is inflated by a factor of 4 due to the presence of multicollinearity.

When the value of VIF is infinite it shows a perfect correlation between two independent variables. In the case of perfect correlation, we get  $R\text{-squared } (R^2) = 1$ , which lead to  $1 / (1 - R^2)$  infinity. To solve this we need to drop one of the variables from the dataset which is causing this perfect multicollinearity.

### **What is a Q-Q plot? Explain the use and importance of a Q-Q plot in linear regression.**

The quantile-quantile (q-q) plot is a graphical technique for determining if two data sets come from populations with a common distribution.

Use of Q-Q plot:

A q-q plot is a plot of the quantiles of the first data set against the quantiles of the second dataset. By a quantile, we mean the fraction (or percent) of points below the given value. That is, the 0.3 (or 30%) quantile is the point at which 30% percent of the data fall below and 70% fall above that value. A 45-degree reference line is also plotted. If the two sets come from a population with the same distribution, the points should fall approximately along this reference line. The greater the departure from this reference line, the greater the evidence

for the conclusion that the two data sets have come from populations with different distributions.

Importance of Q-Q plot:

When there are two data samples, it is often desirable to know if the assumption of a common distribution is justified. If so, then location and scale estimators can pool both data sets to obtain estimates of the common location and scale. If two samples do differ, it is also useful to gain some understanding of the differences. The q-q plot can provide more insight into the nature of the difference than analytical methods such as the chi-square and Kolmogorov-Smirnov 2-sample tests.

