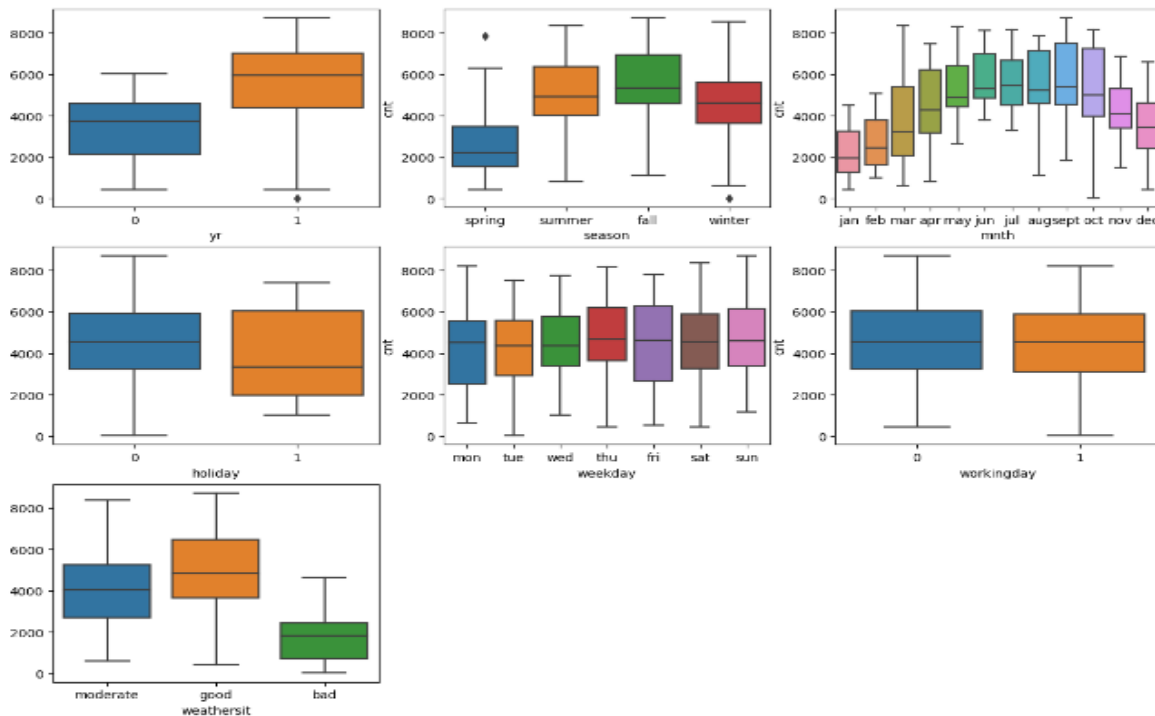


Assignment-based Subjective Questions

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

Answer:



- Demand for next year has grown.
- Season: 3:fall has highest demand for rental bikes
- During September, bike sharing is more. During the year end and beginning of the year, it is less, could be due to extreme weather conditions.
- Demand is continuously growing each month till June. September month has highest demand. After September, demand is decreasing,
- When there is a holiday, demand has decreased.
- Weekday is not giving clear picture about demand, PLOT is around same values
- The 'good weathersiit' has highest demand

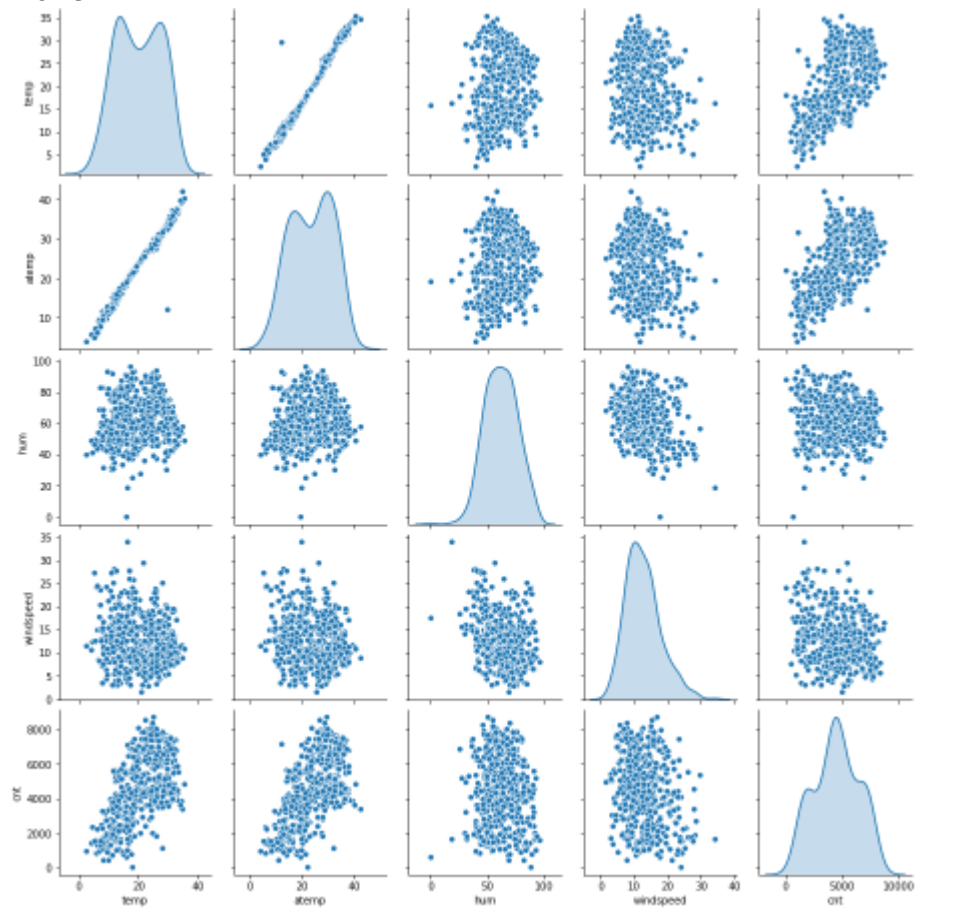
2. Why is it important to use drop_first=True during dummy variable creation?

Answer:

It is important to use drop_first=True during dummy variable creation to avoid multicollinearity. If we don't drop, dummy variables will be correlated and affects the model adversely and to avoid redundant features, so as to not lose the information.

3. Looking at the pair-plot among the numerical variables, which one has the highest correlation with the target variable?

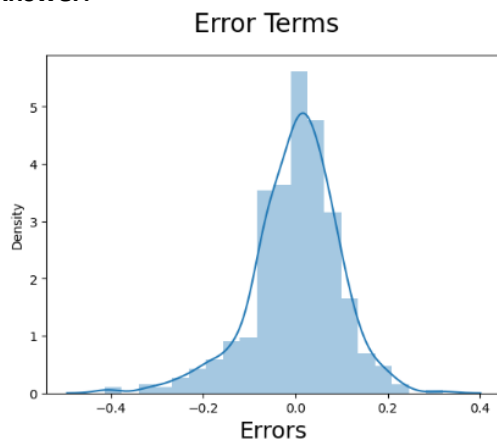
Answer:



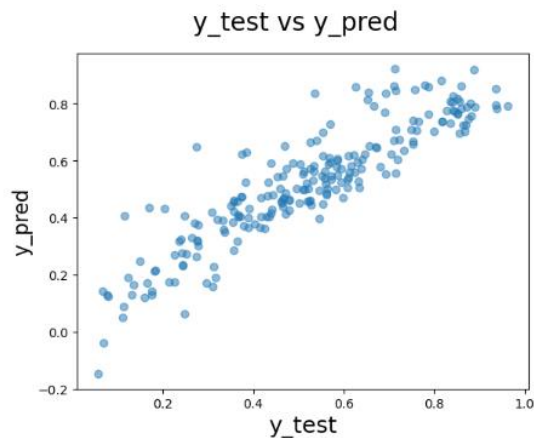
Count (target variable) has significantly high correlation with temperature (temp)

4. How did you validate the assumptions of Linear Regression after building the model on the training set?

Answer:



Errors are normally distributed here with mean 0. So everything seems to be fine



Maintains linear relation between dependant variable (test and predicted)

5. **Based on the final model, which are the top 3 features contributing significantly towards explaining the demand of the shared bikes?**

Answer:

Significant variables to predict the demand for shared bikes

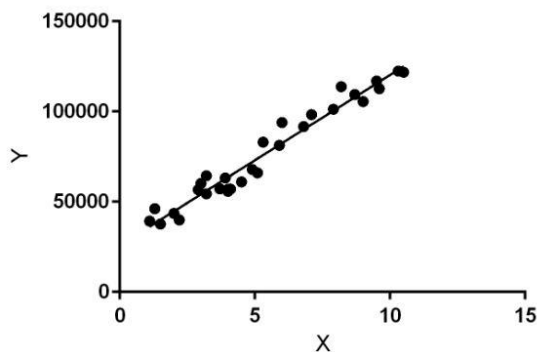
- **Temperature (temp)** - A coefficient value of '0.5636' indicated that a unit increase in temp variable increases the bike hire numbers by 0.5636 units.
- **Weather Situation 3 (weathersit_3)** - A coefficient value of '-0.3070' indicated that, w.r.t Weathersit1, a unit increase in Weathersit3 variable decreases the bike hire numbers by 0.3070 units.
- **Year (yr)** - A coefficient value of '0.2308' indicated that a unit increase in yr variable increases the bike hire numbers by 0.2308 units.

General Subjective Questions

1.Explain the linear regression algorithm in detail.

Answer:

Linear Regression is a machine learning algorithm based on supervised learning. It performs a regression task. Regression models a target prediction value based on independent variables. It is mostly used for finding out the relationship between variables and forecasting. Different regression models differ based on – the kind of relationship between dependent and independent variables they are considering, and the number of independent variables getting used.



Linear regression performs the task to predict a dependent variable value (y) based on a given independent variable (x). So, this regression technique finds out a linear relationship between x (input) and y(output). Hence, the name is Linear Regression.

In the figure above, X (input) is the work experience and Y (output) is the salary of a person. The regression line is the best fit line for our model.

Hypothesis function for Linear Regression :

$$y_i = \beta_0 + \beta_1 x_i$$

While training the model we are given :

x: input training data (univariate – one input variable(parameter))

y: labels to data (supervised learning)

When training the model – it fits the best line to predict the value of y for a given value of x. The model gets the best regression fit line by finding the best θ_1 and θ_2 values.

θ_1 : intercept

θ_2 : coefficient of x

Once we find the best θ_1 and θ_2 values, we get the best fit line. So when we are finally using our model for prediction, it will predict the value of y for the input value of x.

How to update θ_1 and θ_2 values to get the best fit line ?

Cost Function (J):

By achieving the best-fit regression line, the model aims to predict y value such that the error difference between predicted value and true value is minimum. So, it is very important to update the θ_1 and θ_2 values, to reach the best value that minimize the error between predicted y value (pred) and true y value (y).

$$\text{minimize } \frac{1}{n} \sum_{i=1}^n (\text{pred}_i - y_i)^2$$

$$J = \frac{1}{n} \sum_{i=1}^n (pred_i - y_i)^2$$

Cost function(J) of Linear Regression is the Root Mean Squared Error (RMSE) between predicted y value (pred) and true y value (y).

Gradient Descent:

To update θ_1 and θ_2 values in order to reduce Cost function (minimizing RMSE value) and achieving the best fit line the model uses Gradient Descent. The idea is to start with random θ_1 and θ_2 values and then iteratively updating the values, reaching minimum cost.

2.Explain the Anscombe's quartet in detail.

Answers:

Anscombe's Quartet can be defined as a group of four data sets which are nearly identical in simple descriptive statistics, but there are some peculiarities in the dataset that fools the regression model if built. They have very different distributions and appear differently when plotted on scatter plots. It was constructed in 1973 by statistician Francis Anscombe to illustrate the importance of plotting the graphs before analyzing and model building, and the effect of other observations on statistical properties.

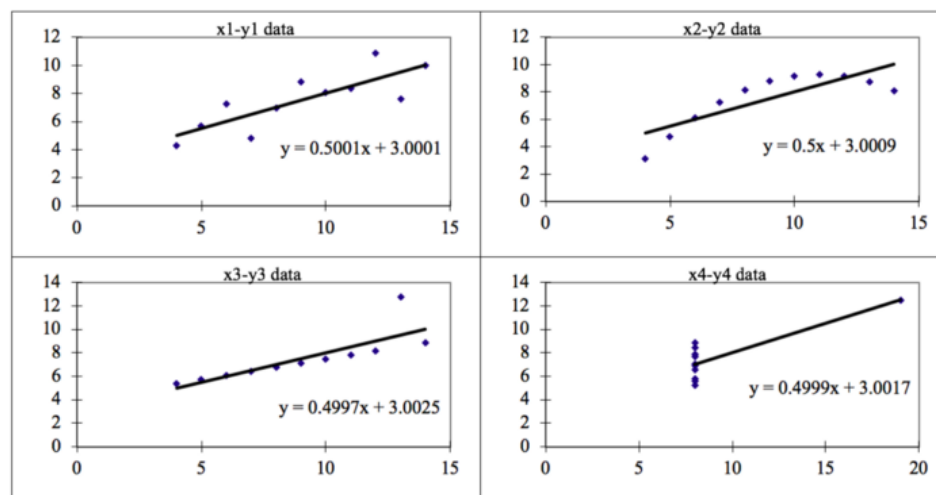
There are these four data set plots which have nearly same statistical observations, which provides same statistical information that involves variance, and mean of all x,y points in all four datasets. This tells us about the importance of visualising the data before applying various algorithms out there to build models out of them which suggests that the data features must be plotted in order to see the distribution of the samples that can help you identify the various anomalies present in the data like outliers, diversity of the data, linear separability of the data, etc. Also, the Linear Regression can be only be considered a fit for the data with linear relationships and is incapable of handling any other kind of datasets. These four plots can be defined as follows:

Anscombe's Data											
Observation	x1	y1		x2	y2		x3	y3		x4	y4
1	10	8.04		10	9.14		10	7.46		8	6.58
2	8	6.95		8	8.14		8	6.77		8	5.76
3	13	7.58		13	8.74		13	12.74		8	7.71
4	9	8.81		9	8.77		9	7.11		8	8.84
5	11	8.33		11	9.26		11	7.81		8	8.47
6	14	9.96		14	8.1		14	8.84		8	7.04
7	6	7.24		6	6.13		6	6.08		8	5.25
8	4	4.26		4	3.1		4	5.39		19	12.5
9	12	10.84		12	9.13		12	8.15		8	5.56
10	7	4.82		7	7.26		7	6.42		8	7.91
11	5	5.68		5	4.74		5	5.73		8	6.89

The statistical information for all these four datasets are approximately similar and can be computed as follows:

Anscombe's Data									
Observation	x1	y1	x2	y2	x3	y3	x4	y4	
1	10	8.04	10	9.14	10	7.46	8	6.58	
2	8	6.95	8	8.14	8	6.77	8	5.76	
3	13	7.58	13	8.74	13	12.74	8	7.71	
4	9	8.81	9	8.77	9	7.11	8	8.84	
5	11	8.33	11	9.26	11	7.81	8	8.47	
6	14	9.96	14	8.1	14	8.84	8	7.04	
7	6	7.24	6	6.13	6	6.08	8	5.25	
8	4	4.26	4	3.1	4	5.39	19	12.5	
9	12	10.84	12	9.13	12	8.15	8	5.56	
10	7	4.82	7	7.26	7	6.42	8	7.91	
11	5	5.68	5	4.74	5	5.73	8	6.89	
Summary Statistics									
N	11	11	11	11	11	11	11	11	
mean	9.00	7.50	9.00	7.500909	9.00	7.50	9.00	7.50	
SD	3.16	1.94	3.16	1.94	3.16	1.94	3.16	1.94	
r	0.82		0.82		0.82		0.82		

When these models are plotted on a scatter plot, all datasets generates a different kind of plot that is not interpretable by any regression algorithm which is fooled by these peculiarities and can be seen as follows:



The four datasets can be described as:

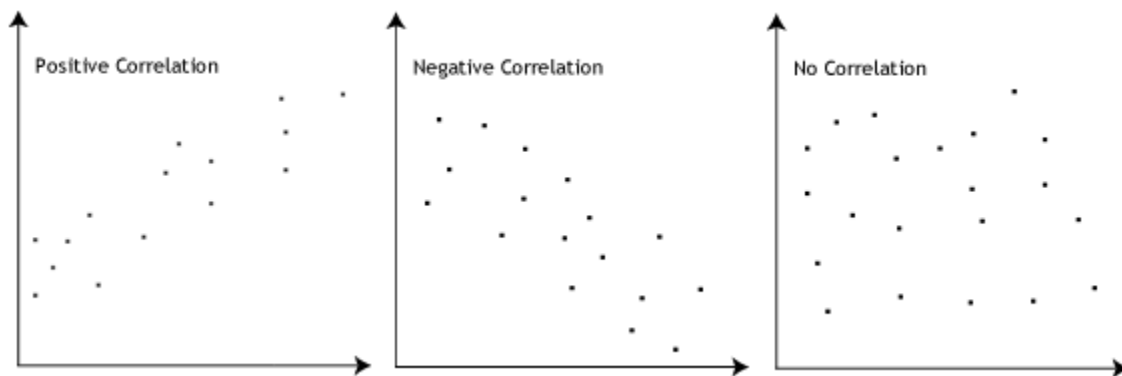
1. **Dataset 1:** this **fits** the linear regression model pretty well.
2. **Dataset 2:** this **could not fit** linear regression model on the data quite well as the data is non-linear.
3. **Dataset 3:** shows the **outliers** involved in the dataset which **cannot be handled** by linear regression model
4. **Dataset 4:** shows the **outliers** involved in the dataset which **cannot be handled** by linear regression model

3.What is Pearson's R?

Answer: In statistics, the Pearson correlation coefficient (PCC), also referred to as Pearson's r, the Pearson product-moment correlation coefficient (PPMCC), or the bivariate correlation, is a measure of linear correlation between two sets of data. It is the covariance of two variables, divided by the product of their standard deviations; thus it is essentially a normalised measurement of the covariance, such that the result always has a value between -1 and 1.

The Pearson's correlation coefficient varies between -1 and +1 where:

- $r = 1$ means the data is perfectly linear with a positive slope (i.e., both variables tend to change in the same direction)
- $r = -1$ means the data is perfectly linear with a negative slope (i.e., both variables tend to change in different directions)
- $r = 0$ means there is no linear association
- $r > 0 < 5$ means there is a weak association
- $r > 5 < 8$ means there is a moderate association
- $r > 8$ means there is a strong association



Pearson r Formula

$$r = \frac{\sum (x_i - \bar{x})(y_i - \bar{y})}{\sqrt{\sum (x_i - \bar{x})^2 \sum (y_i - \bar{y})^2}}$$

Here,

- =correlation coefficient
- =values of the x-variable in a sample
- =mean of the values of the x-variable
- =values of the y-variable in a sample
- =mean of the values of the y-variable

4.What is scaling? Why is scaling performed? What is the difference between normalized scaling and standardized scaling?

Answer:

What?

It is a step of data Pre-Processing which is applied to independent variables to normalize the data within a particular range. It also helps in speeding up the calculations in an algorithm.

Why?

Most of the times, collected data set contains features highly varying in magnitudes, units and range. If scaling is not done then algorithm only takes magnitude in account and not units hence incorrect modelling. To solve this issue, we have to do scaling to bring all the variables to the same level of magnitude. It is important to note that scaling just affects the coefficients and none of the other parameters like **t-statistic**, **F-statistic**, **p-values**, **R-squared**, etc.

Normalization/Min-Max Scaling:

- It brings all of the data in the range of 0 and 1. **sklearn.preprocessing.MinMaxScaler** helps to implement normalization in python.

$$\text{MinMax Scaling: } x = \frac{x - \min(x)}{\max(x) - \min(x)}$$

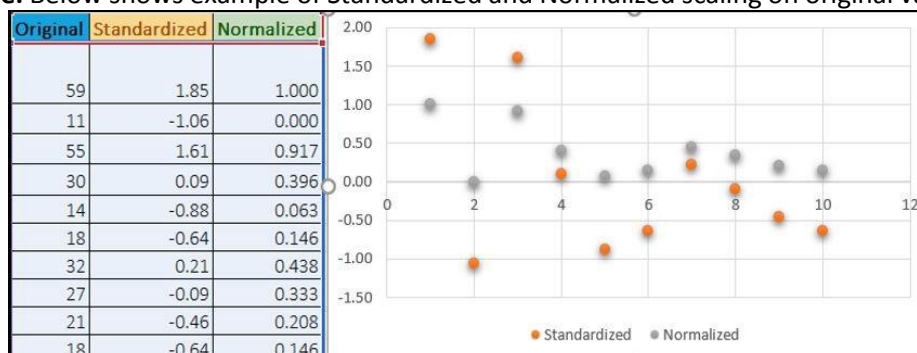
Standardization Scaling:

- Standardization replaces the values by their Z scores. It brings all of the data into a standard normal distribution which has mean (μ) zero and standard deviation one (σ).

$$\text{Standardisation: } x = \frac{x - \text{mean}(x)}{\text{sd}(x)}$$

- **sklearn.preprocessing.scale** helps to implement standardization in python.
- One disadvantage of normalization over standardization is that it loses some information in the data, especially about outliers.

Example: Below shows example of Standardized and Normalized scaling on original values.



5.You might have observed that sometimes the value of VIF is infinite. Why does this happen? (3 marks)

Answer:If there is perfect correlation, then $VIF = \infty$. This shows a perfect correlation between two independent variables. In the case of perfect correlation, we get $R^2 = 1$, which lead to $1/(1-R^2)$ infinity. To solve this problem we need to drop one of the variables from the dataset which is causing this perfect multicollinearity.

An infinite VIF value indicates that the corresponding variable may be expressed exactly by a linear combination of other variables (which show an infinite VIF as well).

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

Answer: Quantile-Quantile (Q-Q) plot, is a graphical tool to help us assess if a set of data plausibly came from some theoretical distribution such as a Normal, exponential or Uniform distribution. Also, it helps to determine if two data sets come from populations with a common distribution. This helps in a scenario of linear regression when we have training and test data set received separately and then we can confirm using Q-Q plot that both the data sets are from populations with same distributions.

Few advantages:

- a) It can be used with sample sizes also
- b) Many distributional aspects like shifts in location, shifts in scale, changes in symmetry, and the presence of outliers can all be detected from this plot.

It is used to check following scenarios:

If two data sets —

- i. come from populations with a common distribution
- ii. have common location and scale
- iii. have similar distributional shapes
- iv. have similar tail behavior

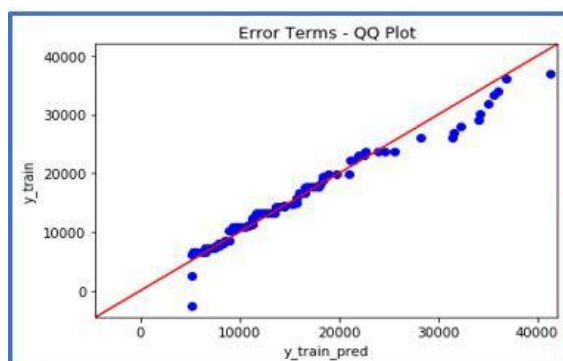
Interpretation:

A q-q plot is a plot of the quantiles of the first data set against the quantiles of the second data set.

Below are the possible interpretations for two data sets.

a) **Similar distribution:** If all point of quantiles lies on or close to straight line at an angle of 45 degree from x -axis

b) **Y-values < X-values:** If y-quantiles are lower than the x-quantiles.



c) **X-values < Y-values:** If x-quantiles are lower than the y-quantiles

