### Intractable Problems

- Clique
- Independent Set
- Vertex Cover
- Set Cover
- Set Packing
- Satisfiability Problem
- Hamiltonian Cycle and Path

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- Traveling Salesman Problem
- Graph Coloring
- Circuit Satisfiability
- Knapsack
- Subset Sum
- Prime and Factor
- Partition

## Independent Set in Graph

An independent set in G is subset of vertices no two of which are adjacent



The IND-SET(G, k) problem: Is there an independent set of size k in G?

### Sites Selection Problem

- Suppose *n* potential sites are identified for opening up restaurants
- Some pairs of places shouldn't have the franchises at both of them
  > too close to each other, competitions, or operational constraints
- Make a graph G with vertices as sites and edges as pairwise conflicts
- Selecting k sites becomes finding a k-independent set in G

#### The SNP (Single Nucleotide Polymorphism) Assembly Problem

- In computational biology (biochemistry) given a set of sequences we want to resolve inter-sequential conflicts by excluding some sequences
- Conflict between two sequences is due to their biochemical properties
- The goal is to select a large number of conflict free sequences
- Make a graph with vertices representing sequences and edges representing conflicts
- Find a large independent set in this graph

#### Diversifying Investment Portfolio

- Different stocks in a market
- $P_i(t)$  is price for stock *i* at time *t*

•  $R_i(t) = \log \frac{P_i(t)}{P_i(t-1)}$ , return or trading volume of stock *i* at time *t* 

- Make each stock a node and two stocks have edges if correlation of their returns is  $\geq \theta$  for threshold  $-1 \leq \theta \leq 1$
- $\theta$  is set depending on potential risk (degree of diversification)
- Two adjacent vertices in  $G_{\theta=.9}$  represent high risk investment pair

Set  $\theta < -0.5$ : an independent set in  $G_{\theta}$  represents a portfolio with "small" risk (diverse set of investments)

## Independent Set Applications

### Shannon Capacity of a graph

Sending a message from an alphabet through a noisy channel

- Because of noise some characters can be confused
- How many 1 length strings can be sent without confusion?
- Make each letter a node and make edges iff the corresponding letters can be confused (depends on the SNR of channel)
- Max number of messages is the size of max independent set
- How many k-length strings can be sent on this channel?
- Size of max independent set in  $G^k$  (strong product of graphs)

# Cliques in Graphs

A clique in G is a subset of vertices every two of which are adjacent



The CLIQUE(G, k) problem: Is there a clique of size k in G?

# **Clique Applications**

### Cliques in Market Graphs

- Different stocks in a market
- $P_i(t)$  is price for stock *i* at time *t*

•  $R_i(t) = \log \frac{P_i(t)}{P_i(t-1)}$ , return or trading volume of stock *i* at time *t* 

- Each stock is a node and two stocks have edges if correlation of their returns is  $\geq \theta$  for threshold  $-1 \leq \theta \leq 1$
- $\theta$  is set depending on potential risk (degree of diversification)
- Two adjacent vertices in  $G_{\theta=.9}$  represent high risk investment pair

Set  $\theta > 0.5$ : a clique in  $G_{\theta}$  represents a portfolio with "large" risk

Can also be of interest to a regulatory body to determine collusion

#### Organized Tax Fraud Detection by IRS

- Clustering similar objects is widely used in many applications
- Ideal clusters are cliques in a graph (community, highest internal degrees, lowest internal distances, largest internal densities etc.)
- Groups of phony tax returns are submitted to get undeserved returns
- IRS constructed graph, where each returned form is a vertex
- Edges between two vertices means 'similarity between the two forms is above a certain threshold
- A large clique in this graph points to a potential fraud

Location Covering Using Clique Partition

Protein Docking Problem