© March 2025| IJIRT | Volume 11 Issue 10 | ISSN: 2349-6002

Blockchain-Powered Logistics: Securing and Optimizing IoT-Based Distribution and Storage Networks

C.Pabitha[1], Sivarama Krishnan K[2], Steve Samuel A[3], Sylesh Gowtham S[4]
[1,2,3,4,5]*UG, SRM Valliammai Engineering College, Kattankulathur, Chengalpattu, India*

Abstract: The increasing complexity of modern logistics operations demands innovative solutions to enhance efficiency, security, and transparency. This study introduces a robust and secure logistics management framework that integrates Internet of Things (IoT), Blockchain, and the Interplanetary File System (IPFS) to enhance distribution efficiency and data security. The incorporation of IoT technology enables continuous shipment tracking, ensuring real-time visibility and traceability throughout the supply chain. Meanwhile, Blockchain technology provides a tamper-proof, decentralized ledger, securing transactions and facilitating automated contract execution through smart contracts. Additionally, IPFS offers a distributed storage solution, ensuring reliable, cost-effective, and immutable data preservation, eliminating the weaknesses of traditional centralized databases.The proposed system is designed to mitigate key issues such as data privacy, interoperability, and operational inefficiencies, offering stakeholders a reliable and cost-effective logistics framework. Performance evaluations, including security assessments against cyber threats, transaction latency analysis, and cost-benefit evaluation, demonstrate the proposed system's effectiveness over traditional logistics models. The implementation of this system optimizes supply chain efficiency, enhances data security, and ensures seamless coordination among logistics stakeholders.

Keywords: ***IoT, Blockchain, IPFS, Logistics Optimization, Smart Contracts, Supply Chain Security, Decentralized Storage***

I. INTRODUCTION

The rapid growth of global supply chains has increased the complexity of logistics management, introducing inefficiencies in tracking, security risks, and operational delays. Conventional logistics frameworks rely on centralized storage and manual processing, leading to transparency issues, fraudulent activities, and data manipulation risks. Real-time tracking remains a significant challenge, affecting timely deliveries and inventory management. Cybersecurity threats further exacerbate these challenges, making data integrity and security critical concerns.

The proposed system integrates IoT for continuous shipment tracking, Blockchain for secure transaction management, and IPFS for decentralized storage, ensuring a transparent, secure, and efficient logistics network. This research provides an in-depth exploration of the technological components, system design, and implementation methodology for enhancing logistics operations.

II. LITERATURE REVIEW

Modern logistics management faces several challenges, including security vulnerabilities, inefficiencies in tracking, and the lack of real-time transparency. This literature review explores various technologies that address these issues.

A. AI Applications in Logistics

Artificial Intelligence (AI) has been widely adopted in logistics management. A comprehensive study by Liu et al. (2023) examined AI-driven logistics cyber-physical systems (CPSs). The research highlights AI-based solutions that improve efficiency, security, and decision-making in logistics operations.

Limitations:

- Lack of real-world case studies validating AI applications.
- No detailed implementation guidelines for AI-based logistics.

B. Meta-Heuristic Approaches for Emergency Logistics

Wu et al. (2024) introduced a hybrid meta-heuristic approach using a multi-objective chance-constrained model with an EDA-MOSGA algorithm. The model effectively tackles demand uncertainties in emergency logistics and enhances decision-making through advanced optimization techniques.

Limitations:

- The model is focused primarily on emergency logistics and is not scalable for general supply chain applications..
- It does not address long-term logistics optimization beyond emergency response scenarios.

C. Predictive Demand Analytics Using Deep Learning

Predicting demand accurately is crucial in logistics to avoid inventory shortages, overstocking, and delays. Deep learning models, particularly For time-series demand forecasting, Long Short-Term Memory (LSTM) networks are frequently utilised..Lu (2024) developed the E3L-Net model, which combines LSTM with error correction techniques to improve predictive analytics in logistics.

Limitations:

- High computational costs make it challenging to deploy in real-time logistics systems..
- The model requires large datasets for training, making it less practical for small-scale logistics operations..

D. Advanced Technologies of Industry 5.0 for Supply Chain Optimization

To enhance supply chain resilience, the transition from the fourth industrial revolution to the fifth industrial revolution is transforming logistics by incorporating automation, artificial intelligence, and decentralized systems. In a 2024 study, Andres et al. analyzed the role of next-generation industrial technologies in supply chain management and logistics. Their research highlights key advancements and their impact on efficiency and adaptability in modern supply chains.

Limitations:

- The study is theoretical, lacking real-world implementations of Industry 5.0 technologies..
- It does not propose practical solutions for overcoming the existing challenges in supply chain optimization..

E. Smart E-Commerce Logistics Trends

E-commerce logistics faces challenges such as delivery inefficiencies, customer demand fluctuations, and real-time tracking limitations. Researchers are exploring how ICT (Information and Communication Technology) can optimize logistics operations. A systematic literature evaluation of 288 publications on intelligent e-commerce logistics was conducted by Kalkha et al. in 2023.

Limitations:

- The study provides limited insights into blockchain and AI applications in logistics.
- Lacks practical implementation details, making it difficult to apply findings in real-world scenarios.

III. Methodology

A. Project Overview

This project integrates Blockchain, IoT, and IPFS to improve logistics management by enhancing security, efficiency, and real-time tracking. IoT sensors monitor shipments, tracking temperature, humidity, and location to ensure optimal storage and transportation. Blockchain secures transaction records, preventing unauthorized modifications, while IPFS provides decentralized, tamper-proof data storage.The system ensures end-to-end traceability, automates key logistics processes using smart contracts, and employs AI-powered analytics for optimized routing and reduced delays. By combining real-time tracking, secure data management, and automation, the proposed model enhances supply chain efficiency and minimizes operational risks.

B. Technology Stack

a. Software Requirements

- Operating System: Linux-based OS (Ubuntu,CentOS)
- Programming Languages: Python, JavaScript (Node.js)
- Blockchain Frameworks: Hyperledger Fabric, Ethereum

- IoT Communication Protocols: MQTT, HTTP, LoRaWAN
- Data Storage: IPFS (InterPlanetary File System)
- Smart Contract Development: Solidity
- Database: PostgreSQL for structured data storage, MongoDB for unstructured data
- Web Development: Django for backend, React.js for frontend
- Code Environment: Arduino IDE, Visual Studio Code

b. Hardware Requirements

- Processing Unit: Raspberry Pi 4 Model B
- IoT Sensors: Temperature, Humidity, GPS, RFID
- Microcontroller: Arduino Nano
- Storage Module:
  External SSD/HDD for IPFS
- Power Supply: 5V power source for Raspberry Pi and Arduino
- Network Hardware: Routers, Switches, Firewalls, Reliable Internet Connectivity

C. Working Pipeline

a. IoT-Based Real-Time Monitoring

To gather real-time environmental data, IoT sensors—such as RFID, GPS, temperature, and humidity sensors—are integrated into shipments. These sensors continuously track location, temperature variations, and humidity levels to ensure optimal storage and transport conditions. The collected data is transmitted through wireless communication protocols such as MQTT, LoRaWAN, or NB-IoT to cloud servers. Edge computing is applied to process critical data before transmission, reducing latency and bandwidth consumption. If environmental parameters exceed predefined thresholds, alerts are automatically generated, enabling proactive decision-making to prevent spoilage or damage.

b. Blockchain-based data security & transparency

A permissioned blockchain network, such as Hyperledger Fabric or a private Ethereum blockchain, records all logistics transactions immutably. Every shipment movement, condition update, and stakeholder approval is cryptographically secured, ensuring data integrity, fraud prevention, and real-time traceability. Smart contracts automate shipment approvals, compliance verification, and anomaly detection lowering the possibility of unapproved changes and human mistake. Stakeholders can access a decentralized ledger, providing verifiable proof of product authenticity, shipment history, and ownership records from origin to delivery.

c. IPFS-based decentralized storage

For logistical records, invoices, compliance documents, and transaction logs, the Interplanetary File System (IPFS) offers a distributed, decentralised storage option. Unlike traditional centralized databases, IPFS eliminates single points of failure, enhancing data security, fast retrieval, and tamper resistance. Logistics records are content-addressed and stored across multiple nodes, ensuring scalability, accessibility, and reduced storage costs. APIs facilitate seamless interaction with IPFS nodes, allowing authorized users to upload, retrieve, and verify shipment records securely.

d. Smart contract automation

Smart contracts, deployed on the blockchain network, automate key logistics processes such as shipment tracking, payment settlements, and regulatory compliance checks. These self-executing contracts eliminate the need for third-party intermediaries, reducing transaction delays, operational inefficiencies, and fraud risks. When predefined conditions, such as successful delivery confirmation or regulatory approval, are met, smart contracts trigger automatic actions, such as releasing payments or updating shipment status. This ensures efficiency, cost reduction, and increased trust among all supply chain participants.

e. AI-powered route optimization

By evaluating current traffic conditions, weather trends, and road restrictions to identify the best delivery routes, artificial intelligence (AI) improves logistics efficiency. Algorithms such as Dijkstra's algorithm and genetic algorithms dynamically optimize route planning, reducing delivery time, fuel consumption, and transportation costs. Additionally, AI-powered predictive analytics assist in demand forecasting, helping logistics companies anticipate shipment bottlenecks and mitigate delays. By dynamically modifying delivery routes in response to real-world circumstances, this module guarantees quicker, more economical, and more dependable logistical operations.

f. System architecture and integration

IoT layer: Deploys sensors for real-time tracking of temperature, humidity, and location.

Blockchain layer: Uses a decentralized ledger to ensure data integrity and transaction transparency.

IPFS layer: Provides a distributed file storage system for secure and tamper-proof data sharing.

Application layer: Develops a user interface (web dashboard and mobile app) for stakeholders to access real-time supply chain data, shipment analytics, and alerts.

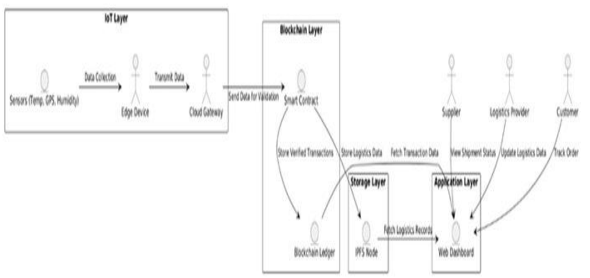
Fig. 1. Architecture Diagram

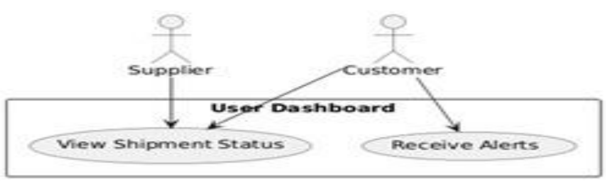

Fig. 2. Usecase Diagram

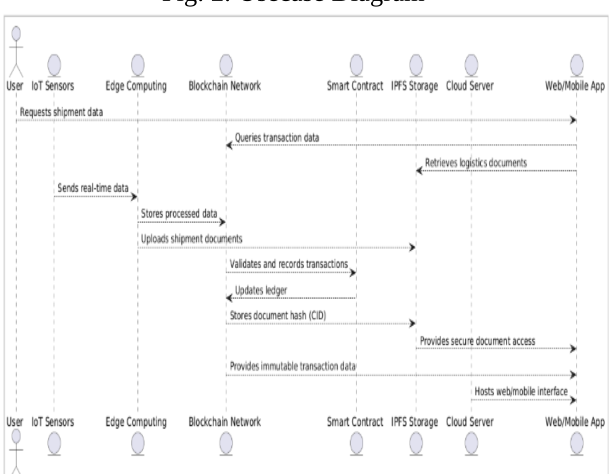

Fig. 3. Sequence Diagram

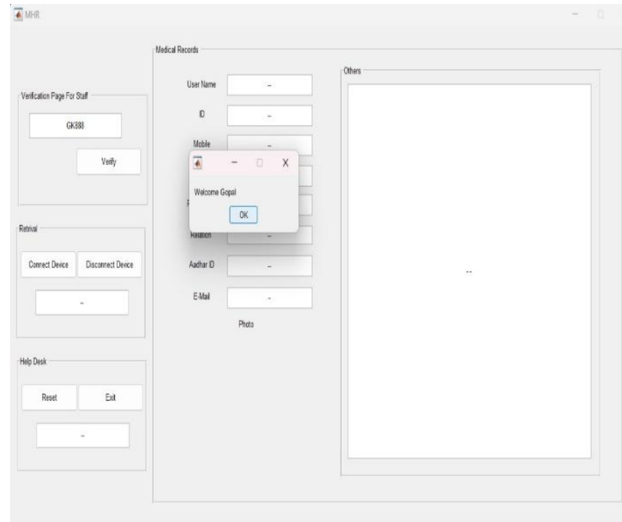
Fig. 4. User Authentication

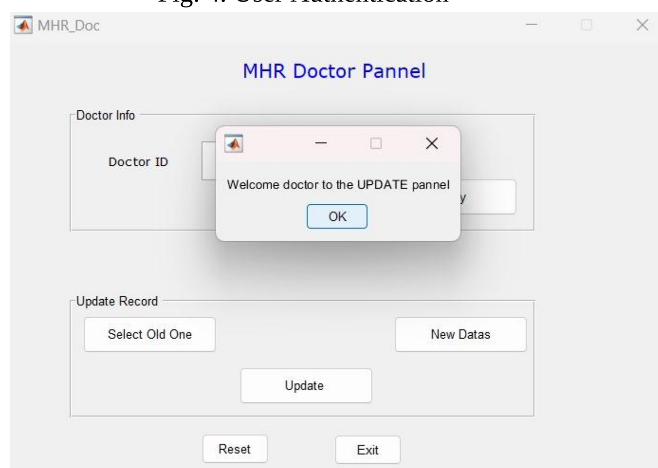

Fig. 6. User Verification

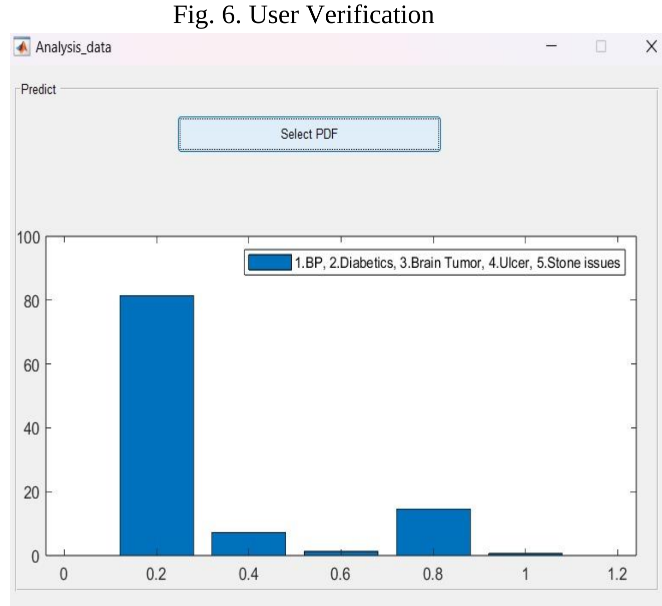

Fig. 5. Logistics Analysis

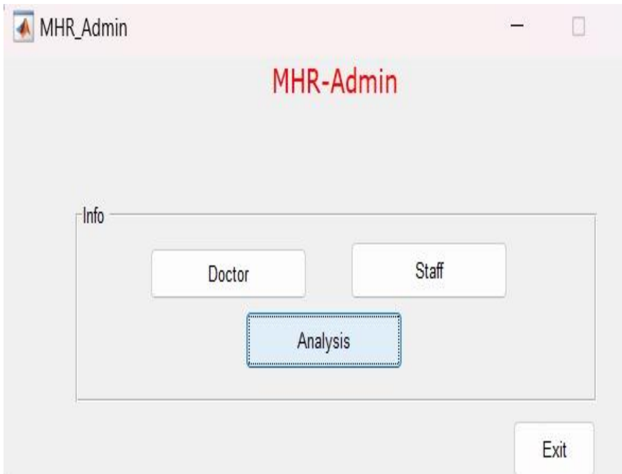

Fig. 7. Admin Layer

IV. FUTURE ENHANCEMENTS

A. Scalability Enhancements

Rollups, Sidechains, and Sharding are examples of Layer-2 Blockchain solutions that may effectively manage increased transaction volumes. Predictive analysis powered by AI. Hybrid Blockchain Architecture that combines private and public blockchains for better performance and privacy. Multi-Chain Integration, allowing logistics companies to connect with different blockchain networks like Ethereum, Hyperledger, and Polkadot.

B. AI-Driven Predictive Analytics & Automation

Demand forecasting, warehouse management, and delay prediction can all be improved by incorporating artificial intelligence (AI) and machine learning (ML) into the logistics system. AI-powered predictive analytics models are able to examine current traffic circumstances, past shipping data, and environmental factors to suggest the best delivery routes and detect potential supply chain disruptions. By leveraging reinforcement learning and deep learning algorithms, logistics companies can continuously improve their decision-making, ensuring that shipments arrive on time with minimal losses. Additionally, automating logistics workflows using AI-powered anomaly detection can reduce manual intervention and operational errors, leading to a more efficient supply chain. Automated Fine Payment System

C. Enhanced Security with Next-Generation Cryptographic Techniques

While blockchain provides a secure and tamper-proof ledger, emerging cyber threats require further security enhancements. Post-quantum cryptography is one such advancement that can future-proof the system against quantum computing threats, which may eventually compromise existing cryptographic methods. Furthermore, privacy-preserving transactions can be made possible by methods like homomorphic encryption and zero-knowledge proofs (ZKPs), which guarantee that only authorised users can access critical logistics data. Furthermore, integrating decentralized identity (DID) & self-sovereign identity (SSI) solutions can enhance authentication mechanisms, ensuring that only verified stakeholders interact with the blockchain system, thereby preventing fraudulent transactions and unauthorized access.

V. CONCLUSION

The integration of IoT, blockchain, and IPFS in logistics management enhances real-time monitoring, security, and operational efficiency. IoT sensors track temperature, humidity, and location to ensure optimal shipment conditions, reducing risks such as spoilage and delays. Blockchain technology guarantees data integrity and immutability, providing a tamper-proof and transparent record of all logistics transactions. The use of smart contracts automates compliance verification, anomaly detection, and payment execution, minimizing manual intervention and improving workflow efficiency. Additionally, IPFS-based decentralized storage ensures secure document management, eliminating reliance on centralized servers while enhancing data accessibility and security. The proposed system effectively addresses challenges such as lack of real-time visibility, data manipulation risks, and supply chain inefficiencies. By integrating these technologies, the system enhances security, traceability, and cost-effectiveness, optimizing overall logistics performance. Future enhancements, such as AI-driven predictive analytics and machine learning models, can further improve route optimization, risk assessment, and supply chain automation, ensuring a more intelligent, scalable, and resilient logistics framework.

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