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Smart Digital Contract Farming System for Sustainable Agricultural Supply Chains

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ABSTRACT: Agriculture is one of the most important sectors supporting the economy of developing nations. However, the agricultural sector continues to suffer from problems such as price fluctuations, delayed payments, lack of transparency, climate uncertainty, and inefficient supply chain systems. Traditional contract farming systems partially solve these issues but still face limitations including contract disputes, dependence on intermediaries, manual agreements, and lack of trust between farmers and buyers.

This research paper proposes an AI and Blockchain Enabled Smart Contract Farming System that integrates Artificial Intelligence (AI), Blockchain Technology, Internet of Things (IoT), and digital agriculture platforms to create a secure, intelligent, transparent, and sustainable agricultural ecosystem. Artificial Intelligence is used for crop yield prediction, weather forecasting, disease detection, and market price analysis. Blockchain technology ensures tamper-proof smart contracts and secure digital transactions between farmers and buyers. IoT sensors monitor soil moisture, humidity, temperature, and crop health in real time.

The proposed system improves transparency, minimizes fraud, enhances supply chain efficiency, and increases farmer profitability. The research also discusses implementation challenges, policy implications, and future opportunities in smart agriculture. The proposed framework contributes toward digital transformation in agriculture, sustainable farming practices, and improved socio-economic conditions for farmers.

KEYWORDS: Smart Contract Farming, Blockchain, Artificial Intelligence, IoT, Sustainable Agriculture, Smart Farming, Crop Prediction, Digital Agriculture, Supply Chain Management

I. INTRODUCTION

Agriculture contributes significantly to employment and economic development in countries like India. Despite technological growth in other sectors, agriculture still faces multiple problems such as unstable market prices, middlemen exploitation, climate change, low productivity, and lack of financial security. Small and marginal farmers are the most affected because they often lack direct access to markets and modern technologies.

Contract farming emerged as an organized agricultural system where agreements are established between farmers and buyers before crop cultivation begins. These agreements specify crop quantity, quality, pricing, and delivery timelines. Contract farming improves market access and ensures stable income for farmers. However, traditional contract farming systems still face several challenges including delayed payments, lack of transparency, contract manipulation, and weak monitoring systems.

Recent advancements in Artificial Intelligence (AI), Blockchain Technology, and Internet of Things (IoT) provide new opportunities to modernize agriculture. AI enables intelligent crop prediction, disease detection, market analysis, and weather forecasting. Blockchain technology creates secure, decentralized, and tamper-proof smart contracts between farmers and buyers. IoT devices allow real-time monitoring of agricultural fields through sensors that track soil moisture, humidity, irrigation levels, and crop health.



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The integration of these technologies can create a smart agricultural ecosystem that improves transparency, reduces fraud, minimizes disputes, and supports sustainable farming practices. This research paper proposes a modern framework for AI and Blockchain enabled smart contract farming systems.

II. LITERATURE REVIEW

Several studies have explored the role of modern technologies in improving agriculture and supply chain management. FAO (2022) highlighted the importance of digital agriculture in improving food security, reducing waste, and enhancing market accessibility for farmers. World Bank (2021) emphasized that blockchain technology can improve transparency and reduce corruption in agricultural transactions.

IFPRI (2020) reported that AI-driven crop prediction systems improve farming efficiency and reduce financial risks associated with uncertain weather conditions. NITI Aayog (2023) discussed the importance of smart agriculture technologies in transforming Indian agriculture and improving farmer welfare.

Research on IoT-based precision agriculture systems revealed that sensor-based irrigation and environmental monitoring significantly improve crop productivity while reducing water wastage. Blockchain-based agricultural supply chain systems have also shown potential in ensuring secure transactions and reducing fraud.

Although previous studies focused individually on AI, Blockchain, or IoT applications in agriculture, very limited research has integrated all these technologies into a single smart contract farming ecosystem. This research paper addresses this gap by proposing an integrated smart agricultural framework.

III. PROBLEM STATEMENT

Traditional agricultural systems and contract farming models face several major challenges:

1. Lack of transparency in agreements and transactions.
2. Delayed payments and contract disputes.
3. Market price fluctuations causing financial instability.
4. Climate-related crop failures.
5. Lack of real-time farm monitoring systems.
6. Dependency on intermediaries and middlemen.
7. Weak legal enforcement of farming contracts.
8. Limited technological adoption among small farmers.

These problems reduce trust between farmers and buyers and negatively affect agricultural productivity and sustainability. Therefore, there is a need for a secure, intelligent, and transparent smart contract farming system.

IV. OBJECTIVES

1. To design a blockchain-based smart contract farming framework.
2. To integrate AI models for crop yield prediction and market analysis.
3. To implement IoT-based real-time crop monitoring systems.
4. To improve transparency and trust in agricultural transactions.
5. To reduce fraud and dependency on intermediaries.
6. To support sustainable and climate-smart agricultural practices.
7. To improve supply chain efficiency and farmer profitability.

V. PROPOSED SYSTEM

The proposed system integrates Artificial Intelligence, Blockchain Technology, and IoT devices into a unified digital agriculture ecosystem.

The system begins with farmer registration where farmer details, crop information, and land records are stored securely. IoT sensors installed in agricultural fields continuously monitor environmental conditions such as soil moisture, humidity, and temperature.



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AI algorithms analyze collected data to predict crop yield, identify diseases, and forecast market prices. Blockchain technology is used to create smart contracts between farmers and buyers. These contracts automatically execute payments once predefined conditions such as crop delivery and quality verification are satisfied.

The proposed framework ensures transparency, security, automation, and efficiency throughout the agricultural supply chain.

VI. SYSTEM MODULES

6.1 Farmer Registration Module

This module stores farmer details such as name, land records, crop type, Aadhaar verification, and bank account details. It creates a secure digital identity for every farmer.

6.2 AI Prediction Module

Artificial Intelligence algorithms are used for:

- Crop yield prediction
- Weather forecasting
- Market price analysis
- Pest and disease detection
- Fertilizer recommendation

6.3 Blockchain Smart Contract Module

Blockchain technology creates secure digital agreements between farmers and buyers. Features include:

- Tamper-proof contracts
- Secure transactions
- Automated payments
- Transparent record management
- Reduced fraud

6.4 IoT Monitoring Module

IoT sensors continuously monitor:

- Soil moisture
- Temperature
- Humidity
- Water levels
- Crop health

6.5 Buyer Dashboard Module

The buyer dashboard allows buyers to:

- Track crop quality
- Monitor delivery status
- Manage contracts
- Process digital payments
- Access supply chain information

VII. METHODOLOGY

The research methodology combines both primary and secondary research approaches.

Primary Data Collection:

- Farmer surveys
- Agricultural expert interviews
- Discussions with agribusiness companies
- Field observations

Secondary Data Collection:

- FAO reports



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- NITI Aayog publications
- Research journals
- Agricultural datasets
- Weather databases

Technologies Used:

Frontend – React / Flutter

Backend – Node.js

Database – MongoDB

Blockchain – Ethereum

AI/ML – Python

IoT – Arduino / ESP32

Analytical Techniques:

- Regression Analysis
- Machine Learning Prediction Models
- Time-Series Forecasting
- Blockchain Transaction Validation

VIII. ANALYSIS AND FINDINGS

The proposed system provides significant advantages compared to traditional agricultural systems.

Economic Benefits:

- Faster and secure digital payments
- Increased farmer income
- Reduced transaction costs
- Better market price prediction

Technological Benefits:

- Real-time farm monitoring
- AI-based farming recommendations
- Secure blockchain transactions
- Automated contract execution

Environmental Benefits:

- Efficient irrigation management
- Reduced fertilizer wastage
- Sustainable farming practices
- Climate-smart agriculture

Social Benefits:

- Improved farmer empowerment
- Increased transparency
- Better access to technology
- Reduced dependency on middlemen

IX. CHALLENGES

Despite its advantages, the proposed system faces certain challenges:

1. High implementation and setup costs.
2. Limited internet connectivity in rural regions.
3. Low digital literacy among farmers.
4. Blockchain scalability issues.
5. Data privacy and cybersecurity concerns.
6. Maintenance costs for IoT infrastructure.
7. Lack of awareness about digital agriculture technologies.



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X. POLICY RECOMMENDATIONS

To ensure successful implementation of smart contract farming systems, the following recommendations are proposed:

1. Government support for digital agriculture infrastructure.
2. Subsidies for IoT devices and internet access.
3. Farmer training and digital literacy programs.
4. Legal frameworks for blockchain-based smart contracts.
5. Promotion of climate-smart agriculture practices.
6. Public-private partnerships for agricultural innovation.
7. Development of smart rural infrastructure.

XI. FUTURE OPPORTUNITIES

Future developments in smart agriculture may include:

- Drone-based crop monitoring systems
- Satellite imagery integration
- AI-powered disease detection systems
- Carbon credit management platforms
- National agricultural blockchain networks
- Smart export management systems
- Autonomous irrigation systems
- Robotics in agriculture
- Digital agricultural marketplaces

The future of agriculture will increasingly depend on intelligent technologies that improve sustainability, productivity, and farmer welfare.

XII. CONCLUSION

This research demonstrates the transformative potential of integrating Artificial Intelligence, Blockchain, and IoT technologies into modern agricultural systems. The proposed smart contract farming framework improves transparency, ensures secure transactions, reduces fraud, and enhances agricultural productivity.

AI-based predictive analytics help farmers make informed decisions regarding crop cultivation, irrigation, and market selection. IoT devices provide real-time monitoring of agricultural fields, improving resource utilization and reducing environmental impact. Blockchain technology ensures trust, transparency, and automation in agricultural agreements and transactions.

The proposed framework contributes toward sustainable agriculture, digital transformation, and improved farmer welfare. With proper policy support, infrastructure development, and technological adoption, smart contract farming can revolutionize the future of agriculture and create a more secure and efficient agricultural ecosystem.

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