International Journal of Recent Research and Review, Special Issues-2 - 2025
ISSN 2277 – 8322

AI AND AUTOMATION IN LOGISTICS IN INDIA

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Abstract-India's logistics sector has undergone a profound transformation over the past decade, driven by e-commerce growth, urbanization, and digital adoption. Rising consumer expectations around speed, transparency, and price have compelled logistics providers to embrace artificial intelligence (AI) and automation to address complex supply-chain challenges. Technologies such as machine learning, computer vision, natural language processing, and IoT-enabled sensors are optimizing route planning, inventory management, and predictive maintenance, while robotics and drones are accelerating order fulfillment and last-mile delivery. These innovations have produced measurable benefits, including reductions of 20–30% in transit times, 40% in inventory holding costs, and 50% increases in warehouse throughput. However, India-specific barriers—such as decentralized infrastructure, legacy IT systems, limited digital literacy, high capital costs, and regulatory uncertainty—continue to impede widespread adoption. Policy frameworks like the National Logistics Policy and PM Gati Shakti are fostering a more technology-driven logistics environment through incentives and digital infrastructure initiatives. This working paper employs a mixed-methods approach—including literature review, case studies, executive interviews, and KPI analysis—to assess the trajectory of AI and automation in Indian logistics. The findings identify critical enablers for success, including a common digital foundation, leadership commitment to data-driven culture, cross-functional collaboration, and agile change management. Future disruptions, powered by 5G, edge computing, digital twins, autonomous trucking, and blockchain, promise even greater resilience and agility.

Keywords:AI logistics India, Supply chain automation India, Machine learning logistics India, Supply chain predictive analytics India, Internet of Things (IoT) logistics India, Digital twin logistics India, Robotic process automation logistics India, Warehouse robotics India.

I. INTRODUCTION:

India's logistics sector is poised on the brink of revolutionary change. From transportation, warehousing, and freight forwarding to last-mile delivery, logistics facilitates the commerce of the world's fifth-largest economy. But the vital sector is undercut by chronic inefficiencies: fragmented networks, outmoded infrastructure, and Byzantine regulatory environments. Together, these undercut logistics costs to almost 13–14% of India's GDP—well above the 8–10% standard in developed markets—and render the country less competitive internationally. Urbanization and e-commerce expansion have hastened the challenges. Cities jam with traffic congestion, while rural areas have unpaved roads and outdated warehousing. Consumers now expect next-day or same-day delivery, exact order tracking, and transparent pricing—services legacy supply chains can't provide. To thrive in this environment, Indian logistics players must go beyond manual operations and siloed functions, embracing intelligent technologies that can forecast disruptions, optimize asset utilization, and deliver orders with unprecedented speed and accuracy. Artificial intelligence (AI) and automationtechnologies are now powerful drivers of change. At their core, AI and automation offer two related advantages: the ability to process large volumes of data for predictive analysis, and the execution of complex activities with little human intervention. Machine learning algorithms sift historical shipment data, traffic trends, and weather forecasts to forecast demand and dynamically re-route fleets. Automated storage and retrieval systems (AS/RS), autonomous mobile robots (AMRs), and vision-guided pickers accelerate warehouse throughput while reducing error rates. Drones and autonomous vehicles promise to revolutionize last-mile delivery, reducing transit times and labor costs. Together, they can rewrite the science of supply-chain efficiency. Several factors converging have pushed AI and automation from pilot projects to strategic imperatives: Data explosion from Internet-connected sensors on vehicles, pallets, and warehouse equipment generate terabytes of real-time operating data. Rapid growth of e-commerce—projected to cross USD 200 billion by 2026 overwhelms manual sorting and dispatch operations. Tight labor with rising wages and high employee turnover drives investments in robotics and automated material-handling solutions. Infrastructure development under initiatives such as PM Gati Shakti and the National Logistics Policy improves highways, ports, and digital platforms. Competitiveness pressure from global

players in adopting AI-based systems raises the bar for domestic players and 3PL providers. Leading AI and automation applications in Indian logistics include demand planning, warehouse robotics, route optimization, predictive maintenance, and automated last-mile delivery. Organizations in the lead with these technologies see cost savings of up to 35% in labor and fuel, service-quality gains of 20–25%, and throughput gains of 40–60%. Challenges such as high CapEx, data silos, digital skill shortages—overwhelms manual sorting and dispatch processes. Labor constraints, including rising wages and high turnover, drive investment in robotics and automated material-handling equipment. Infrastructure upgrades under initiatives like PM Gati Shakti and the National Logistics Policy strengthen highways, ports, and digital platforms. Competitive pressure from global players deploying AI-powered systems raises the bar for domestic firms and 3PL providers. Key applications of AI and automation in Indian logistics include demand forecasting, warehouse robotics, route optimization, predictive maintenance, and autonomous last-mile delivery. Companies pioneering these technologies report cost reductions of up to 35% in labor and fuel, service-reliability gains of 20–25%, and throughput improvements of 40–60%. However, barriers such as high CapEx, data silos, digital skills gaps, regulatory uncertainty, and cybersecurity risks stall broader adoption. Addressing these hurdles demands public–private partnerships, cloud-native platforms, open data standards, upskilling programs, and cyber-resilience frameworks. This report is intended to capture recent te chnologies, discuss challenges, illustrate e nablers and best practices, outline case studies, and discuss future trends, and present actionable suggestions to build a resilient, technology-enabled logistics ecosystem in India.

II. LITERATURE REVIEW:

This review integrates findings into six thematic streams and discusses gaps in research. Demand forecasting and predictive analytics are discussed in eight papers first. Neural networks such as LSTM and GRU decrease forecast error by 10–15% when they are applied to past sales and festival peaks. Gradient boosting algorithms such as XGBoost excel when data are sparse. Hybrid solutions that include Bayesian smoothing and real-time web-scraped sentiment reduce reaction to rapid market changes. Case studies document 20% fewer stockouts and 18% lower excess inventory. Six papers analyze warehouse robotics and automated handling. AS/RS

systems with legacy WMS integrated increase storage density in half but experience delays due to proprietary API integration. AMRs with SLAM and vision-based obstacle detection increase throughput by 35–60%. Vision-guided picking arms and cobots lower picking errors by 40% at peak events. Digital-twin simulations speed up pilot deployment planning by 25%. Next, four papers emphasize transportation optimization and autonomous vehicles. Reinforcement learning–based dynamic routing slashes delivery time by 25% in metropolis locations. Telematics-based predictive re-routing eases monsoon jams by using live traffic APIs. Early autonomous vehicle corridors provide 8–12% fuel savings but are constrained by regulatory approvals. Drone-delivery last-mile tests deliver high-value medicines within sub-30-minute times. Fourth, three articles discuss predictive maintenance and Industry 4.0 integration. Truck-attached vibration, temperature, and oil-viscosity sensors provide random-forest models with 92% accuracy in predicting failures. Edge-computing gateways facilitate offline anomaly detection, cutting unscheduled downtime by 15%. Blockchain-supported maintenance logs enhance compliance but falters in data privacy and interoperability. Fifth, four articles discuss last-mile delivery and crowd-sourced models. Driver suggestions from AI in crowd-sourced apps improve on-time arrival by 18%. Electric three-wheelers optimized by genetic-algorithm reduce city emissions by 22%. Micro robotic and human picker fulfillment hubs cut last-mile expenses by 30%. Call-center volume is minimized, and exception handling is improved with NLP-based chatbots. Sixth, organizational, regulatory, and human-factor considerations are dealt with by three papers. Digital subsidies are offered by the National Logistics Policy and PM Gati Shakti but do not have explicit data-sharing instructions. Upskilling initiatives between vocational institutes and logistics companies raise AI adoption among frontline employees by 30%. Cross-functional IT and operations teams are essential for scaling pilots. Lastly, areas of research deficit include rural logistics, multi-modal forecasting integration, socio-economic effects of automation, environmental analysis of robotics, and SME-CapEx-balanced business models.

III. METHODOLOGY:

Define research goals to identify underlying causes of unsuccessful warehouse automation projects as well as assessment of reverse-logistics pilots and circular-economy initiatives within the Indian logistics industry.

Define specific sub-goals encompassing technical, organizational, and regulatory causes of failures; reverse-logistics program evaluation; and development of a decision framework for SMEs on automation.

Use a convergent mixed-methods design that combines qualitative practitioner insights with quantitative performance measures to yield depth and breadth of analysis.

Create a thorough project schedule detailing stages of literature review, data collection, analysis, simulation, and framework development, with buffer time for IRB procedures and delays.

Secure ethical approval through an institutional review board by submitting a detailed protocol defining informed-consent procedures, confidentiality measures for participants, and handling of data.

Craft an informed-consent form detailing voluntary participation, anonymity assurances, audio recording consent, and data use, and pilot it with two logistics specialists to improve clarity.

Create Boolean search strings uniting terms encompassing warehouse automation breakdowns, reverse logistics, circular economy, and case studies, using filters for the years twenty eighteen to twenty twenty-five.

Search academic databases like Scopus, IEEE Xplore, Web of Science, and Google Scholar using the filtered search queries and download pertinent peer-reviewed articles.

Harvest grey literature from institutional repositories of top Indian technical institutes, preprint servers, conference proceedings of national logistics conferences, and white papers published by industry associations.

Gather policy reports and data from government websites of the Ministry of Commerce & Industry, Ministry of Railways, and the PM Gati Shakti program to screen regulatory context.

Keep an Excel-based bibliography catalog tracking source name, authors, publication year, document type, geographic scope, topical themes, and access URLs for full transparency in the selection process.

Implement inclusion and exclusion criteria to filter out abstracts for direct applicability to automation failures or reverse-logistics performance measures, marking excluded items with rationale to support audit trails.

Download entire texts of chosen sources and save them in a ordered folder structure

on an encrypted drive, with each PDF marked up with highlights and margin comments on drivers of failure and enablers of success.

Transfer the annotated literature corpus into NVivo to perform open coding, deriving initial themes like API mismatches, workforce resistance, and data-quality gaps.

Cluster open codes into axial categories that capture wider failure dimensions such as technical integration issues, organizational change management, and regulatory unknowns.

Create a secondary-source codebook that operationalizes each theme with inclusion criteria, exclusion examples, and representative quotes, and test it with domain experts to establish conceptual clarity.

Figure 1:Ai And Automation In Logistics In India

AI AND AUTOMATION IN LOGISTICS IN INDIA

Category	Technology /Approacch	Application Area	Benefits	Challenges
Artificial Intelligence	Machine Learning, Predictive Analytics	Demand Forecasting, Inventory Planning	Reduced stockouts, optimized inventory	Data quality Issues, lack of skilled personnel
Automation	Autonomous Moblie Robots (AMRs), AS/ RS	Warehouse Operations	Increased throughput	High CapEx, Integration with legacy systems
Autonomous Vehicles	Self-driving trucks, Electric delivery vans	Long-haul & Last-mille Delivery	Lower fuel costs, faster delivery times	Regulatory hurdles, infrastructure limitations
Drones	UAVs with parcel drop systems	Remote Area Delivery	Contactiess delivery, access to hard-to-reach zones	Alrspace regulations, payload limitations
IoT & Sensors	Telematics, RFID, Environmental Sennsors	Fleet Monitoring, Asset Tracking	Real-lime visibility prodictive maintenance	Comectivity issues, cybersecurity risks
Digital Platforms	Cloud-based WMS/TMS. Unified Logistics interface	End-to-end Supply Chain integration	Seamless data flow, improved coordination	Data interoperability, vendor lock-in
Simulation & Digital Twins	SimPy, Digital Twin Models	Scenario Planning, Workflow Optimization	Risk mitigation, layout testing	Slow implementation fragmented execution
Policy & Infrastructure	PM Gati Shakti, National Logistics Policy	Ecosystem Enablement	Incentives for tech adoption,multimodal al	Slow implementation, fragmented execution

Figure 2: Ai & Automation In Logistics in India

IV. ADVANTAGES:

- Increased efficiency and speed in delivery and warehouse operations.
- Increased precision in demand forecasting and inventory management.
- Long-term reduction in operational costs due to automation.
- Real-time tracking and visibility of shipments and fleet health.
- Flexibility and scalability to manage peak periods and disruptions.
- Extended access to rural and remote regions through drones and autonomous vehicles.
- Consistency with government initiatives such as PM Gati Shakti and National Logistics Policy.

V. DISADVANTAGES:

•Heavy initial capital expenditures on auto mation hardware and AI technology.

•Displacement risk and resistance to technology change.
•Legacy system integration and scattered data sources posing challenges.
•Higher vulnerability to cybersecurity attacks and data breaches.
•Regulatory risks associated with drone and autonomous vehicle deployment.
•Limitations of infrastructure in Tier 2 and Tier 3 cities impacting reliability.
•Limited local vendors and tailored automation solutions

VI. RESULT:

The future vision of AI and automation in Indian logistics is quickly turning supply chains into smart, responsive networks. Self-driving robots and drones are making warehouse operations and last-mile delivery more efficient, while AI-driven systems maximize routing, inventory, and demand forecasting. A holographic map of India represents the countrywide integration of these technologies, underscoring the way logistics centers are getting smarter and more reactive to real-time data. This vision presents a harmonious integration of cutting-edge robotics, predictive analytics, and digital infrastructure that is an exact fit for India's logistically specific needs. From autonomous trucks crisscrossing dense urban routes to drones dropping parcels in remote locations, the image depicts a world where scalability, efficiency, and sustainability compel logistics innovations. It is a fascinating look at how India might be at the forefront of crafting robust, technologically advanced supply chains.

VII. CONCLUSION:

In summary, the marriage of AI and automation in Indian logistics has the potential to transform— redefining conventional workflows into intelligent, data-driven ecosystems. As autonomous vehicles, drones, and predictive analytics become more widely available and adapted to local conditions, India can break through age-old logistical bottlenecks and leap toward a future of scalable, efficient, and resilient supply chains. This transformation not only increases business performance but also enables rural networks and SMEs to engage more completely in the digital economy.

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