



The Indian Journal for Research in Law and Management

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Editor-in-Chief – Dr. Muktai Deb Chavan; Publisher – Alden Vas; ISSN: 2583-9896

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Pooja Ramesh Singh v. Jammu and Kashmir Bank Ltd. & Another

Hiba Hayat

- Citation: INSC 668 from 2026 | Civil Appeal No. 11950 of 2025
- Court: Supreme Court of India
- Bench: Mr. Justice Pamidighantam Sri Narasimha, together with the Hon'ble Bench ¹
- Date of Judgment: July 02, 2026
- Statutory Framework: Insolvency and Bankruptcy Code (IBC), 2016; Advocates Act, 1961; Bar Council of India Rules; Article 142 of the Constitution of India

Introduction

The incorporation of Generative Artificial Intelligence (GenAI) into legal practice and judicial decisions involves a deep contradiction in that although large language models (LLMs) greatly speed up the process of legal research and the preparation of documents, they do so with inherent structural risks, the most significant of these being the phenomenon of probabilistic text generation called "hallucination". In the important case of Pooja Ramesh Singh v. Jammu and Kashmir Bank Ltd. & Another (2026) the Supreme Court of India had to deal with a severe failure of procedure in which the lower tribunals—namely the National Company Law Tribunal (NCLT) and the National Company Law Appellate Tribunal (NCLAT)—upheld a corporate insolvency admission on the basis of entirely fictitious judicial precedents produced by AI.

The Supreme Court's judgment is subjected to a critical assessment in this commentary. In addition to settling the present dispute between the financial creditor and the corporate guarantor, the Court laid down important legal principles concerning the integration of

¹ Pooja Ramesh singh v. Jammu & Kashmir bank ltd., 2026 INSC 668

technology in the adjudication process. It stated that orders based on fictitious precedents must be treated as completely invalid, required judicial bodies to adhere to a strict "human-in-the-loop" operating standard, and set out clear rules about professional misconduct for advocates who submit unverified digital outputs.

Factual Matrix

1. The credit facilities obtained by Pan India Utilities Distribution Company Ltd. from Jammu and Kashmir Bank Ltd. (the Financial Creditor) were considerable, and in order to secure these credit lines Essel Infraprojects Ltd. (EIL) provided a corporate guarantee to J&K Bank; after the borrower had failed to meet their debt servicing obligations, his account was designated as a Non-Performing Asset (NPA).
2. The start of insolvency: Having invoked Section 7 of the Insolvency and Bankruptcy Code, 2016 (IBC), J&K Bank submitted an application to the Mumbai bench of the NCLT asking that the Corporate Insolvency Resolution Process (CIRP) be initiated against EIL in its capacity as a corporate guarantor.
3. Decision by the NCLT and the NCLAT: The NCLT accepted the application under Section 7. Pooja Ramesh Singh, who is a director of EIL who has been suspended, brought an appeal against the order relating to the admission before the NCLAT. The NCLAT rejected the appeal and confirmed the order of the NCLT by specifically referring to five Supreme Court cases mentioned in paragraph 12 of its judgment in order to support its reasoning on guarantor liability and the limitation period.²
4. Discovery on Appeal: When appealing to the Supreme Court pursuant to Section 62 of the IBC, the appellant showed that the five Supreme Court precedents mentioned in paragraph 12 of the appellate tribunal's order did not actually exist. Although the citations included plausible volume and page numbers, the names of the cases and the legal rulings contained were entirely fabricated—having been produced as a result of unverified research carried out by large language models during the internal drafting of the decision.

² Pooja Ramesh singh v. Jammu and Kashmir bank ltd. 2026 INSC 668

Primary Issues Framed

The Supreme Court addressed three pivotal legal questions:

1. Is a judicial or quasi-judicial order legally valid and enforceable if it is based on fabricated or AI-generated judicial precedents?
2. What level of care is legally required together with verification based on original sources and human supervision when judicial officers, research assistants, or the tribunal benches make use of AI-powered legal search engines?
3. Regarding professional ethics, does the act of submitting or relying on AI-generated citations which have not been verified amount to professional misconduct under the Advocates Act, 1961, and what institutional safeguards need to be put in place?

Summary of Arguments Appellant's Submissions (Pooja Ramesh Singh)

- Breach of natural justice and due process: The appellant contended that a decision based on precedents which do not exist violates the fundamental principles of procedural fairness. Since legal principles that are not present in the standard law reports cannot be distinguished or challenged by the parties concerned.
 - Lack of a sound legal basis: It was argued that a judgment whose main reason for decision is based on fictitious authorities is essentially empty and therefore incapable of supporting a decision as serious as initiating insolvency and removing the corporate management under the IBC.
- Respondent's Submissions (J&K Bank Ltd.)**
- There was no instance of the Advocate engaging in deception, since the counsel for J&K Bank had submitted a clear affidavit stating that the bank had not referred to these hallucinated judgments in either its pleadings or its oral submissions before the tribunal.
 - Internal Judicial Error: The respondent stated that the false citations had been included internally while the tribunal was preparing its document, and argued that the basic debt and default were in fact beyond dispute.

The Court's judgment (the reason for the judgment)

The Supreme Court set aside both the NCLT and NCLAT orders and remanded the matter back for fresh adjudication on merits, establishing four binding jurisprudential pillars:

1. The legal validity of any judgment or order based on false, hallucinated, or unverified precedents must be considered null (this can be expressed as *coram non iudice* in the context of legal reasoning). An order of this kind has no precedential weight and cannot be upheld merely because some factual findings have been separated if the legal reasoning involves fictitious authority.³
2. The principle of having a human involved is mandatory: although automated tools may be used to help with administrative tasks such as organizing, cataloguing, and producing basic summaries, the actual work of judicial reasoning, legal synthesis, and verifying authority must still be carried out entirely by humans.
3. The standard regarding professional misconduct is that it constitutes a breach of the duty owed to the court to quote before a court or tribunal cases which have not been verified or that are hallucinated, without first checking the official law reports, and this amounts to professional misconduct in accordance with Section 35 of the Advocates Act, 1961.
4. Institutional Governance Obligation: The Court, exercising its powers, asked the Bar Council of India (BCI) and the various High Courts in the country to establish special committees for drawing up regulatory frameworks which are to govern the ethical use of AI in legal practice and in judicial drafting.

Review and Legal Critique

A. The structured nature of LLM hallucinations Large Language Models have no inherent legal knowledge and cannot connect directly to a database unless they are specifically linked through a Retrieval-Augmented Generation (RAG) approach. These models produce text by making predictions based on probability—that is, by selecting the sequence of words that is most statistically likely. When requested to provide legal authority, an uncontrolled LLM generates citation formats that appear authentic (using official reporter abbreviations such as SCC, AIR, or SCR) even though the names of the parties are invented. The case of Pooja Ramesh Singh shows that relying on the raw output of an LLM without verifying it against the actual legal reports reveals a serious deficiency in digital literacy among quasi-judicial bodies.

B. A threat to the principle of *stare decisis* and to the constitutional structure Because of Article 141 of the Constitution of India, the law established by the Supreme Court is binding upon all courts located within the territory of India; the doctrine of *stare decisis* forms the foundation of

³ Pooja Ramesh singh v. Jammu and Kashmir bank Ltd. 2026 INSC 668

certainty in the common law system. In cases where a tribunal incorporates fictitious Supreme Court judgments into official records:

- It corrupts the entire system for reporting the law.
- Lower courts and the lawyers involved may end up quoting these invented precedents in future cases.
- It weakens the public's faith in the genuine nature of judicial statements.

Conclusion

The case of Pooja Ramesh Singh v. J&K Bank Ltd. represents a significant ruling concerning legal technology in India. The Supreme Court has introduced a policy of zero tolerance towards hallucinated precedents and has stated that any such orders are entirely void, thus protecting the integrity of the judicial record. Since artificial intelligence tools are becoming increasingly common in legal procedures, this judgment makes sure that technology stays a secondary aid to human judgment and therefore upholds the fundamental principles of natural justice, legal accuracy, and judicial accountability.