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POOJA RAMESH SINGH V. JAMMU AND KASHMIR BANK LTD: THE SUPREME COURT'S ZERO TOLERANCE RULE FOR FABRICATED PRECEDENT

-Mahek Shaikh

ABSTRACT

The increasing use of generative artificial intelligence in legal research has raised concerns about fabricated case law and the reliability of judicial decision making. In Pooja Ramesh Singh v. Jammu and Kashmir Bank Ltd., the Supreme Court of India examined the consequences of tribunals relying on non-existent and AI-hallucinated judicial precedents. The Court adopted a zero tolerance approach towards unverified AI-generated authorities, set aside the orders of the NCLT and NCLAT, and directed the Bar Council of India to formulate guiding principles and disciplinary consequences. This case comment critically examines the judgment's implications for professional responsibility, judicial accountability and the legitimate use of artificial intelligence in adjudication. It evaluates the Court's strict approach, particularly its refusal to distinguish between material and incidental reliance on fabricated precedent, and identifies uncertainties concerning verification standards, judicial responsibility and the legal effect of tainted decisions. It argues that the judgment provides an important safeguard for the integrity of adjudication, but effective implementation requires clear, proportionate and enforceable standards for both the Bar and the Bench.

Keywords: *Artificial Intelligence; AI Hallucinations; Fabricated Judicial Precedents; Judicial Accountability; Professional Misconduct; Rule of Law; Legal Ethics; Human Oversight; Judicial Decision-Making.*

1. INTRODUCTION

In this case, the Supreme Court had before it a tribunal which entertained an insolvency application on the basis of Supreme Court cases which never existed or which were reported

as something other than what they were. The issue was what consequences would follow from a situation where a decision making body has relied upon fabricated or AI-generated precedent.¹ The Court quashed the NCLT and NCLAT order, adopted a position of zero tolerance towards any unverified AI-generated material and asked the Bar Council of India to formulate disciplinary guidelines. The significance of the case lies in the Court's binding pronouncement on the use of generative AI in adjudication embracing AI as an assistive technology while maintaining human control over it.

CASE CITATION

- Title: Pooja Ramesh Singh v. Jammu and Kashmir Bank Ltd. & Anr.
- Court: Supreme Court of India at New Delhi
- Judge: Justices P.S. Narasimha and Alok Aradhe,
- Year: 2025
- Citation: 2026 INSC 668, Civil Appeal No. 11950 of 2025, Order dated 2 July 2026.

2. FACTS OF THE CASE

In case of Pan India Utilities Distribution Company Ltd (PIUDCL) borrowed from Jammu and Kashmir Bank, and Essel Infraprojects Ltd (EIL) gave a corporate guarantee. On PIUDCL defaulting and its accounts became non-performing, the Bank filed a Section 7 application under the Insolvency and Bankruptcy Code, 2016 against EIL before the NCLT in Mumbai.

Debt and default was proved by NCLT and, on 28 August 2024, admitted the application, appointed an Interim Resolution Professional and imposed moratorium period of Section 14. The appellant suspended director of EIL, appealed to the NCLAT claiming that EIL liabilities had passed to another company through a demerger and amalgamation and a renewed sanction letter of 2017 omitted the guarantee, therefore it is waived off.

On 11 September 2025, NCLAT dismissed the appeal relying on Clause 8 of the guarantee deed whereby the guarantee survived any amalgamation and the reliance placed by the NCLT on six Supreme Court decisions. Before Supreme Court, senior counsel for the appellants showed that these authorities were fake or untraceable. The appellant also advanced brief merits arguments which the respondents countered. The Bank's affidavit said its counsel had not cited the authorities and that the NCLT found them through its own research.

¹ Pooja Ramesh Singh v. Jammu & Kashmir Bank Ltd., Civil Appeal No. 11950 of 2025, 2026 INSC 668, ¶¶ 12–17 (India July 2, 2026).

3. ISSUES BEFORE THE COURT

- i. Whether an order based on fake, AI-created precedent can stand including where the material had only an indirect bearing on the outcome so that the order must be set aside.
- ii. What standard of conduct binds advocates and judges when citing or relying on AI-generated material and whether failure constitutes misconduct or a serious breach.
- iii. What accountability and directions should follow for the Bar and the Bench and how the restored proceedings proceed.

4. JUDGMENT AND REASONING

The bench of Justice P.S. Narasimha and Alok Aradhe, first verify the authorities itself. Four of the six had wrong or non-existent citations in which one was a wrong citation of a real judgment, *M. Subramaniam v. S. Janaki*, with an invented paragraph, and two had correct citations but invented paragraphs. The Court declared that:

- Courts shall adopt zero tolerance policy for production, citation or using AI-generated precedent without verification.
- Citing such judgments without verification amounts to misconduct by an advocate and a judge reliance on them is a serious lapse.
- Any order based on fake material is "no decision in the eyes of the law", whether that material has a direct or indirect bearing. Such decision must be quashed even if no material referred the reasoning.
- The order will not impact the legitimate use of AI.

The Court held that AI-generated precedent defies the process of adjudication and takes away its lifeblood. It framed the issue more broadly. AI is not merely a tool but a possible substitute for human thinking, and continues delegation of thought weakens the power of judgment. Reliance on fake precedent was described as subversion of the rule of law. It observed that courts implicitly trust advocates citations and that verifying each would be an unbearable burden on judges. It noted that regulation must come through public policy and enforceable rules and that a declaration must be followed by accountability.

The NCLT and NCLAT orders were set aside. The application under Section 7 (RCP (IB) 6/MB/2023) was restored and decided expeditiously within two weeks, with status quo pending

disposal and no opinion on the merits. The Bar Council of India was directed to constitute a committee and prescribe principles and disciplinary consequences.

5. CRITICAL ANALYSIS

Strength of the Case

The automatic vitiation rule protects the legitimacy of adjudication. Since a decision authority depends on verifiable sources. It also spares litigants from proving that a fake citation caused the outcome, which they could rarely do. The Court also preserves legitimate use of AI and locates the fault in the failure to verify and not in the technology.

Weaknesses and Ambiguities of the Case

- i. **No rule on how much the fake material mattered:** Normally, a court sets aside an order only if the mistake actually affected the result. The Court held that even a tiny bit of fake material is enough. The NCLAT also relied on Clause 8 of the guarantee and on the fact that the default was not disputed, so the result may be the same after the case goes back. Meanwhile, time is lost in a process that is meant to be quick, and the two week deadline only partly fixes this. A better rule would be to cancel an order only when the fake material was actually relied on in a real way. This will, however, serve to discourage any abuse of AI and avoid the need for any further hearings.
- ii. **Treatment of different types of errors is the same:** The Court does not differentiate between a case where there is a citation of an actual case but a fictitious paragraph, a citation of an entirely fabricated case, and an actual citation of an actual case. If each of these can vitiate an order, then it becomes crucial to understand how to draw the distinction between negligence and AI hallucinations. The judgment contains no information in this regard.
- iii. **Responsibility of the judges is not similar to that of lawyers:** It is clear from the judgment that citing a fabrication is a serious professional mistake and it acknowledges that merely saying so is inadequate. However, the only instruction contained in the judgment is for the Bar Council of India. The Bank's affidavit suggests that these cases were discovered by the tribunal through independent research, thus drawing attention towards the Bench.
- iv. **The key concepts are undefined:** The Court fails to define what it means by "verification" and "human in the loop." The Court also fails to state whether the legal wrongdoing is dependent on intention, and if the use of AI needs to be disclosed. For example, an English case, *Cork v. Smith* cited by the Court in a footnote managed to avoid contempt since there was no intention of dishonesty involved.

- v. **Verification versus trust:** The Court recognizes the fact that courts implicitly trust lawyers with the information they quote in their arguments but demands intolerance from the judges when it comes to use of unverified sources. The only reasonable way to address this issue would be that lawyers need to verify what they quote, and judges need to verify what they have found themselves.
- vi. **Legal effect:** The Court considers this to be "no decision at all," which suggests that the order is void ab initio. But it dealt with the matter through a normal appeal. The judgment does not say whether such an order could be challenged in a separate case or after it has become final. The Court also admits that judgments alone cannot solve this problem and that proper rules are needed. So the ruling is best seen as a temporary measure until regulation arrives.

6. WIDER LEGAL SIGNIFICANCE

The litigants can now challenge any order that rests on authorities that cannot be verified. Orders will be checked more closely for their citations and some parties may use the ruling to reopen decisions they lost. Advocates now clearly have a duty to verify every case they cite. Law firms should expect Bar Council rules on AI use, supervision and punishment, likely through the existing disciplinary system under the Advocates Act, 1961.

For tribunals and courts, the case warns that a research tool, AI or otherwise, is not itself an authority. Benches will need to check citations against official law reports and set up protocols for AI-assisted research. Tribunals with strict time limits such as those under the Insolvency Code will feel the cost of re-hearings most. For legal-tech companies there will be more demand for tools that verify citations.

7. CONCLUSION

This case lays down a clear and strict rule on an order based on fake precedent cannot stand, and both the Bar and the Bench are responsible for verifying what they rely on. Its strength is that it protects the integrity of the justice system. Its gaps are that it sets no test for how much the fake material mattered, it does not define what proper verification means, and creates no way to hold the Bench accountable. It remains to be seen whether the ruling can be turned into an effective system or merely serve as a stern warning depending upon how the Bar Council committee responds.