POOJA RAMESH SINGH V. JAMMU & KASHMIR BANK: AI BREACHES THE SANCTITY OF THE ADJUDICATION SYSTEM. WHO IS ACCOUNTABLE?

AI DISCLOSURE STATEMENT

The author used an AI-assisted writing tool solely for language editing, grammar refinement, and formatting assistance to improve sentence structure and clarity. All legal research, analysis, case law interpretation, arguments, and conclusions presented in this manuscript are the author's own work.

ABSTRACT

This paper critically examines the issue of the introduction of AI into the adjudication system for legal research, finding cases and drafting; in the light of recent landmark Supreme Court judgment in the case of *Pooja Ramesh Singh* v. *Jammu and Kashmir Bank Ltd*., 2026 INSC 668 (India). The case raised an issue relating to the legal validity of AI-hallucinated cases in the judicial decision and the accountability of concerned professionals. The judgment takes a balanced view, acknowledging the inevitable use of AI in court procedures while providing for mandatory human control. A comparative analysis with US and UK case law shows the judgment converging with global judicial trends. Despite the strengths, it suffers from certain shortcomings which need to be addressed for efficient functioning and maintenance of sanctity of adjudication system. The analysis concludes by providing a way forward for implementation of guidelines targeting AI governance and responsible use of AI in the courtroom.

Keywords: AI-generated fake precedents, sanctity of adjudication system, accountability of Tribunal, zero tolerance, human-in-the-loop.

I. INTRODUCTION

The expanding domain of artificial intelligence and its use in legal field has brought complex legal issues at the focus of judicial scrutiny. The temptation of using AI for easing workload has posed serious threat to the sanctity of the adjudication system. In this context, the recent Supreme Court judgment in the case of *Pooja Ramesh Singh*[1], where the Hon'ble Court was faced with the issue of introduction of fake AI- generated cases in the decision of the National Company Law Tribunal, becomes important to discuss. While the Supreme Court's judgment in the abovementioned case is a step forward in setting the limits of AI interference in the adjudication system and upholds the primacy of human reasoning, it suffers from a flaw where the Court, on one hand, guided the Bar to set guidelines for advocates, on the other, it failed to fix the Tribunal's accountability, leaving it outside the ambit of the directions given by the judges.

II. THE CASE IN QUESTION

Facts and procedural history:

On July 2, 2026, the Supreme Court of India delivered a landmark judgement in the case of *Pooja Ramesh Singh v. Jammu and Kashmir Bank Ltd*., 2026 INSC 668 (India). The Facts of the case were that the appellant was a suspended director of Essel Infraprojects Ltd. ('EIL'), the corporate debtor and corporate guarantor of the original borrower, namely Pan India Utilities Distribution Company Ltd. ('PIUDCL') which availed certain loan facilities from Jammu and Kashmir Bank Limited, the respondent. To secure these credit facilities, a corporate guarantee was executed by EIL. In due course, PIUDCL experienced severe financial stress and failed to maintain its repayment schedules, leading to the classification of its loan accounts as non-performing assets.

Following continuous defaults, the respondent filed an application under Section 7 of the Insolvency and Bankruptcy Code, 2016, before the National Company Law Tribunal, Mumbai, and sought initiation of the corporate insolvency resolution process against the EIL/corporate debtor for recovery of its outstanding financial debt. The National Company Law Tribunal examined the submissions and, upon finding the existence of debt and default, passed an order admitting the application, appointing an Interim Resolution Professional, and declaring a

[1] *Pooja Ramesh Singh v. Jammu and Kashmir Bank Ltd*., 2026 INSC 668, 1 (India).

moratorium under Section 14 of the said code. Aggrieved by the admission order, the appellant preferred an appeal before the National Company Law Appellate Tribunal. The NCLAT dismissed the appeal, confirming the observations of the NCLT, by referring to six judgments that NCLT had relied on.

Contention of the parties:

Before the Supreme Court, Senior Counsel for the appellant pointed out that six citations relied on by the NCLT, as reproduced by the NCLAT, were fake and non-existent, and appeared to be AI-generated. Even where a citation was genuine, the paragraphs extracted from it could not be traced to the actual judgment.

Upon which the respondent filed an affidavit indicating that the alleged judgments relied on by NCLT were not cited by its counsel at the bar and that the so-called precedents relied on by the adjudicating authority were obtained through its own research.

Issues for consideration:

The issues before the Hon'ble Court were:

1. Whether a judgment that relies on AI-hallucinated case law can be sustained in law?
2. What directions are needed to prevent members of the Bar from citing or relying on AI-generated hallucinated material as precedent?
3. What are the consequences to be faced when a judicial decision is tainted by such fake and hallucinated decisions?

Judgment:

The Bench of the Hon'ble Mr. Justice P. S. Narasimha and Hon'ble Mr. Justice Alok Aradhe held, "We have no hesitation in declaring that such a decision is no decision in the eyes of the law... Such decisions are to be set aside even if an iota of fake or hallucinated material enters the decision-making process, as it would violate the sanctity of adjudication... So far as the responsibility of the bar is concerned, we direct the Bar Council of India, being the apex statutory body, to constitute a committee and deliberate on this issue of members of the bar submitting such fake and hallucinated

material before the Court as if they are precedents of law."[2] Based on the reasoning quoted above, the orders of the NCLT and the NCLAT were set aside and proceedings were restored to original position leaving all issues open.

Ratio decidendi:

A judicial or quasi-judicial decision that is based on AI hallucinated precedents is no decision in the eyes of law, as it vitiates the sanctity of adjudication and leads to subversion of law.

III. THE LOOPHOLE IN THE JUDGMENT

At the outset, judgment answers first two issues correctly by holding that any decision based on fake precedent, is no decision at all. In answer to the second issue, the Hon'ble Court has directed the Bar Council of India to deliberate on the issue. However, the Bench did not address the Tribunal's responsibility. It is to be noted that respondent filed an affidavit indicating that the alleged judgments relied on by NCLT were not cited by its counsel at the bar and that the so-called precedents relied on by the adjudicating authority were obtained through its own research.[3] No further discussion is made in the judgment on this point. The whole burden appears to have been shifted on the shoulders of the counsel shadowing the tribunal's shortcomings. When one of the parties submits that the AI-generated fake and hallucinated cases resulted from the NCLT's own research and the appellant or any other person on behalf of the said tribunal doesn't challenge it, it appears that the incident was indeed the outcome of the tribunal's own research which probably involved the use of artificial intelligence.

IV. CRITICAL ANALYSIS

Failure to Fix Tribunal's Accountability:

Based on the perusal of judgment, one finds no direction or advice given to the tribunal to make an inquiry into the question of how the AI-generated fake cases crept in the impugned Order, under the guise of the precedents. Does the tribunal not have any accountability? If it does, then why was the matter left untouched by the judges? Where do we find answer to it?

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[2] *Id*. at 5-6.
[3] *Id*. at 10.

The light needs to be cast on the part of the judgment where the Hon'ble Judge says to imagine the hardship of a situation in which the Court must verify the authenticity of each judgment cited by an advocate. The concern is valid where the advocate makes use of such hallucinated case but it does not sit right when the fake cases were introduced in the proceedings by the tribunal itself. Consequently, the effectiveness of judgement is weakened.

Where to Find Answer?

The answer to the question of the tribunal's accountability can be found in the draft 'Regulations for Use of Artificial Intelligence (AI) in Courts, 2026'. On June 3, 2026, the Supreme Court of India released the draft of abovementioned regulations proposing a structured framework for integrating AI into the judicial System while safeguarding the constitutional values, fairness and judicial independence. Prohibiting the use of AI to determine judicial outcomes, the Supreme Court Al committee proposed draft regulations that bar Al-assisted sentencing without mandatory human oversight. The proposed regulations came amid concerns expressed by the top court over the growing reliance on AI by courts in rendering judgments. In March, a Bench headed by Justice P.S. Narasimha chided a trial court for relying on non-existent judgments generated with the help of Al, observing that it was not merely "an error in decision-making" but amounted to judicial "misconduct".[4] It provides that every High Court, Tribunal and Commission referred to in these regulations shall submit an Annual Transparency Report on AI adoption within its jurisdiction, summarising the AI Systems in use, outcomes of audits, and AI Incidents recorded, etc.[5] This regulation creates accountability for the tribunals to report such occurrences and afterwards provide the apt remedy to mitigate the harm caused.

Comparative perspective: UK and US case law

A comparative analysis of the present judgment with UK and US jurisprudence reveals significant similarities in judicial reasoning, particularly when dealing with use of AI in courts. For instance,

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[4] Aaratrika Bhaumik, *Draft SC Rules Prohibit Use of AI for Judicial Outcomes, Assessing Bail Eligibility*, The Hindu (Jun. 5, 2026, 01:26 am IST), https://www.thehindu.com/news/national/draft-sc-rules-prohibit-use-of-ai-for-judicial-outcomes-assessing-bail-eligibility/article71060335.ece (last visited July 17, 2026) (on file with author).

[5] Regulations for Use of Artificial Intelligence in Courts, 2026, reg. 45 (draft) (India), https://cdnbbsr.s3waas.gov.in/s3ec0490f1f4972d133619a60c30f3559e/uploads/2026/06/2026060342.pdf (last visited July 17, 2026) (on file with author).

in the case of *Cork v. Smith*[6], the UK High Court of Justice held that legal professionals remain ultimately responsible for their work and cannot delegate legal research or reasoning to AI. It is for the Solicitors Regulation Authority to determine, following its own investigation, whether breaches of the code have occurred and what sanction, if any, is appropriate. A US district court in the case of *Mata v. Avianca,*[7] also gave a similar judgment and sanctioned the lawyers using ChatGPT. Both these judgments acknowledge the same principle recognised by the Supreme Court of India that AI cannot be allowed to breach the sanctity of judicial system.

Striking a Balance: the Court's Reasoned Approach

Despite the shortcoming, the judgment itself has been remarkable, prudent and made correctly keeping in mind the circumstances of growing use of AI in the legal world. A noteworthy strength of the judgment lies in the balanced view taken. To quote the Hon'ble Judge, "For us, i.e., for those in the province of adjudication and determination of disputes, this by-product of AI, i.e., the production of fake, non-existent, and hallucinated material and its utilisation as precedents in law, is like the release of methyl isocyanate in the province of law and justice: invisible, insidious, and catastrophic by the time anyone notices. It not only contaminates but takes away the very lifeblood of judicial determination."[8]

This adequately portrays the dangers of relying too much on AI without human control. The judges talked about the concept of 'human-in-the-loop' that provides for human supervision with due caution and care to ensure that sanctity of judicial system is preserved. AI is like a handcart: if left unguided, it may become dangerous, causing harm to those who come near it. But if it is kept under control, the same becomes an object of daily convenience increasing the efficiency of the carrier. Similarly, even if AI makes the judicial process convenient and efficient; it must be subjected to strict human control. The Apex court has thus, rightly asked all courts to adopt zero tolerance for citing AI-generated fake precedents without verification.

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[6] *Anthony Malcolm Cork v. Mark Smith*, [2026] EWHC 1199 (Ch), [33] (UK).
[7] *Mata v. Avianca, Inc*., 678 F. Supp. 3d 443 (S.D.N.Y. 2023).
[8] *Pooja Ramesh Singh*, 2026 INSC 668 at 5 (India).

It must be kept in mind that reasons are the heart and soul of a judicial order, lack of which makes a decision arbitrary and betrays the most essential element of judicial determination.[9] Therefore, application of mind and reasoning must remain restricted to the judge and shouldn't be delegated to AI. Understanding the fast moving world, judges took a balanced view when they said, "It is also clarified that our judgment shall have no bearing on the rightful use of AI..." Thereby, the judges reached an equilibrium that non-essential functions of courts can be made more efficient with use of AI but under human control. Whereas, the essential functions which require human reasoning should be restricted to judges. In short, AI must have assisting function only and remain strictly under human control and judicial supervision.

Way Forward:

The present judgment while significant, leaves scope for further refinement to ensure more coherent and effective legal framework. The Court should have fixed equal responsibility for both the tribunal and the advocates, allowing no scope of shifting burden on one, but now it remains a point to be remembered in future. Additionally, the draft regulations should be implemented soon to provide right direction to the court systems and the State should ensure consistency in their application. Nevertheless, the judgment indeed has set the stage right for human governance of AI use in courts and tribunals. The road ahead requires strong and practical implementation of guidelines for use of AI in courts, which should be regulated on situation based criteria.

V. CONCLUSION

In essence, the decision of the Hon'ble Court has become a landmark judgment that represents a significant contribution to the evolving jurisprudence in the era of growing trends of AI usage by upcoming generation of lawyers. While the court has adopted a progressive and prudent approach in addressing the issue, the major shortcoming remains the partial consideration given to the accountability of the tribunal. However, the judgment aligns well with broader global judicial trends and is headed towards carving a vigilant path for integration of AI in the courtroom procedure. Thus, it lays down a strong foundation for future legal discourse on use of AI in legal

[9] Sura Sasidhar Reddy & Mohammad Asadulla Shareef, *Artificial Intelligence in Trial Courts: Promise, Peril, and Prudence*, SCC Online Blog (Apr. 16, 2026, 06:19 AM), https://www.scconline.com/blog/post/2026/04/16/artificial-intelligence-trial-courts-india-analysis/ (last visited July 17, 2026) (on file with author).

world. Moving forward, the guidelines need to be framed and implemented for governing the use of AI in legal field, but it should remain practical and flexible as rigid rule will serve no purpose in the contemporary world, where entry of AI in courts is inevitable. Ultimately, the judgment remains a milestone and a step forward to implementing responsible use of artificial intelligence in legal profession.