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When AI Hallucinates Case Law

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 **The Hindu**

3 July 2026

GS2
GS3

 Source: ujyari.com — researched, fact-checked & UPSC-mapped


INTERVIEW ANGLE

"If a generative AI tool invents a convincing but non-existent judgment and a court relies on it, who is accountable, the lawyer, the judge, or the tool? Where must the human stay firmly in the loop in public decision-making?"

 Source: [Original editorial](#)
[The Hindu](#)
 **Every fact web-verified against primary sources** (<https://ujyari.com/how-we-verify/>)

WHY THIS MATTERS NOW

In 2026 the Supreme Court **set aside orders of the NCLT** (<https://ujyari.com/terms/nclt/>) and NCLAT in the **Essel Infraprojects** insolvency (<https://ujyari.com/vocab/insolvency/>) matter after finding that several cited judgments **did not exist** and others were real cases stuffed with **invented paragraphs**. The Court called the intrusion of AI-fabricated material into adjudication **catastrophic**, ordered the **Bar Council of India** to frame an AI-use policy, and held that citing fake precedents can be **professional misconduct**. For an aspirant, this is a sharp GS2 and GS3 case on **technology governance, ethics in the justice system and accountability**.

THE CRUX IN 60 WORDS

Generative AI predicts **plausible text, not truth**, so it invents citations. When such **hallucinated precedents** entered tribunal orders, the Supreme Court set them aside, called the intrusion **catastrophic**, adopted **zero tolerance** for fake authority, and directed the Bar Council to frame norms. The lesson: AI can assist research, but **human verification of every citation is non-negotiable**, because a fabricated precedent corrupts the reasoning itself.

THE ISSUE, DECODED

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CONCEPT	WHAT IT MEANS	WHY IT MATTERS
Hallucination	AI generating confident but false output	Manufactures non-existent case law
Generative AI	Models that predict likely text	Optimised for fluency, not accuracy
Professional misconduct	Citing fabricated authority	Restores the accountability chain
Human in the loop	Mandatory human verification	The safeguard AI cannot replace

THE ANALYSIS: WHY FABRICATED AUTHORITY IS SO DANGEROUS

- ❶ **The record was corrupted, not just delayed.** In the Essel Infraprojects matter, tribunal orders rested on judgments that did not exist and real ones distorted with invented text, so the reasoning itself was built on falsehood.
- ❷ **The flaw is architectural.** Large language models are trained to produce fluent, probable text; truth is not their objective, so they hallucinate citations with total confidence.
- ❸ **Law is uniquely exposed.** Legal reasoning stands or falls on the authenticity of authority; a fabricated precedent is not a typo but a defect at the heart of adjudication.
- ❹ **Accountability must be re-anchored.** By treating fake precedents as advocate misconduct and demanding verification, the Court re-establishes who is answerable for what enters a judgment.

DATA AND INSTITUTIONS VAULT

Supreme Court set aside NCLT and NCLAT orders in the **Essel Infraprojects** insolvency matter (2026) built on AI-hallucinated precedents; described the intrusion as **catastrophic**; adopted **zero tolerance** for fake precedents. **Directive: Bar Council of India** to frame a policy on responsible AI use; citing fabricated authority can constitute **professional misconduct**. **Bodies:** National Company Law Tribunal (NCLT); National Company Law Appellate Tribunal (NCLAT); Supreme Court; Bar Council of India. **Concepts:** hallucination, generative AI, large language models, human-in-the-loop, algorithmic accountability, explainability. **Wider frame:** India's DPDP Act, 2023; principles-based AI governance debates; the idea of AI as assistant, not decision-maker, in public institutions.

THE DEBATE

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Argument for strict limits: Generative AI hallucinates authority and cannot verify truth, so allowing it to shape adjudication without human checks corrupts the reasoning and destroys accountability; fabricated citations must be treated as misconduct.

Argument for pragmatic (<https://ujiyari.com/vocab/pragmatic/>) **adoption:** AI dramatically speeds up research, summarisation and drafting; a blanket ban would deny courts a genuine productivity gain, and the real fault lies with users who fail to verify, not the tool.

Balanced verdict: The pro-AI case concedes the safeguard it disputes. AI is a legitimate research aid but never an authority. The workable position is approved, auditable tools with mandatory human verification and disclosure, so efficiency never comes at the cost of authenticity.

HOW TO THINK ABOUT THIS (TRANSFERABLE SKILL)

For any AI deployment in public life, ask where the human must remain the final authority. Assistance (search, summary, first drafts) is low-risk and reversible; substitution of judgment (deciding rights, sentencing, adjudicating) is high-risk because errors are consequential and hard to reverse. This “assist versus replace” test applies equally to AI in courts, medicine, welfare targeting and policing.

DIAGRAM-IN-WORDS

Generative AI predicts plausible text (not truth) -> hallucinated citations -> enter tribunal orders (Essel Infraprojects) -> reasoning built on non-existent precedents -> Supreme Court sets orders aside, calls intrusion catastrophic -> zero tolerance + Bar Council policy + misconduct liability -> norm: AI assists research, humans verify every citation

THE WAY FORWARD

- ① **Frame a clear policy.** Let the Bar Council and judiciary jointly define permissible AI use, approved tools and red lines.
- ② **Mandate** (<https://ujiyari.com/vocab/mandate/>) **verification.** Require every AI-assisted citation to be checked against primary sources before it enters any filing or order.
- ③ **Insist on auditable tools.** Prefer approved, legally trained, traceable systems over open consumer chatbots for legal work.
- ④ **Require disclosure.** Make lawyers declare AI assistance so courts can **calibrate** (<https://ujiyari.com/vocab/calibrate/>) scrutiny.

5 Penalise fabrication and build literacy. Treat fake authority as misconduct, and train judges and lawyers to understand hallucination and its limits.

THE TAKEAWAY BOX

Concede AI's research value, then argue that hallucination makes it unfit to author adjudication; the safeguard is approved tools plus mandatory human verification, disclosure and accountability, as the Supreme Court signalled.

"AI can assist justice but must never author it."

Supreme Court set aside NCLT/NCLAT orders in the Essel Infraprojects insolvency matter (2026); AI hallucination; Bar Council of India AI-use policy directive; fabricated precedents as professional misconduct; DPDP Act, 2023.

When a tool produces a convincing falsehood, who is morally responsible for relying on it? Where in public decision-making must a human always remain the final authority?

UPSC has asked on the impact of emerging technologies and on ethical concerns in the use of AI. This editorial applies both to the justice system.

artificial intelligence governance, ethics in public administration, judicial accountability, data protection, technology and society, explainability.

Sources: *The Hindu* (<https://www.thehindu.com/opinion>), *Supreme Court of India* (<https://www.sci.gov.in>), *PIB* (<https://pib.gov.in>)

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KEY ARGUMENTS AT A GLANCE

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The Supreme Court set aside orders that relied on AI-fabricated, non-existent precedents, calling such intrusion catastrophic for adjudication, so courts need clear norms for responsible AI use in which human verification of every citation is non-negotiable.

 **SUPPORTING**

- In the Essel Infraprojects insolvency matter, tribunal orders cited judgments that did not exist and real cases stuffed with invented paragraphs, showing hallucination is now inside the record, not a fringe risk.
- Generative models predict plausible text, not truth, so they confidently manufacture citations, which is fatal where legal reasoning stands or falls on the authenticity of authority.
- Zero accountability follows if unverified AI output enters judgments; treating fabricated precedents as advocate misconduct and mandating verification restores the chain of responsibility.

 **COUNTER**

AI proponents argue that generative tools massively speed up research, summarisation and drafting, that a blanket ban would deny courts a productive aid, and that the real fault lies with careless users who fail to verify, not the technology itself.

 **WAY FORWARD**

Frame a Bar Council and judicial policy on AI use, mandate human verification of every citation, insist on approved and auditable tools, disclose AI assistance, penalise fabricated authority, and train judges and lawyers in AI literacy.


MAINS ANSWER FRAMEWORK

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QUESTION

"Generative AI can accelerate legal research but cannot be trusted to adjudicate, because it hallucinates authority." Discuss the risks of AI use in the justice system and the safeguards courts must adopt. (250 words)

INTRODUCTION

Legal reasoning is only as sound as the authority it rests on. Generative AI, which predicts plausible text rather than verifying truth, can manufacture citations that read like real judgments, and in 2026 that risk moved from the abstract into the court record.

BODY

The Supreme Court set aside orders of the NCLT and NCLAT in the Essel Infraprojects insolvency matter after finding that of the judgments the tribunal relied on, several did not exist, while others were real cases padded with invented paragraphs or wrong titles. The Court described the intrusion of unverified AI-generated material into adjudication as catastrophic, adopted a policy of zero tolerance for fake precedents, and directed the Bar Council of India to frame a policy on responsible AI use, clarifying that citing fabricated authority can amount to professional misconduct.

The deeper problem is architectural: large language models are optimised to be fluent, not accurate, so they hallucinate confidently, and in law a fabricated precedent is not a harmless error but a corruption of the reasoning itself. Multiple such incidents have surfaced across trial courts, tribunals and High Courts over the past year.

The counter, that AI is a powerful productivity aid and the fault lies with careless users, is partly fair, but it concedes the point: the safeguard is disciplined human verification and institutional norms, not blind reliance. Efficiency cannot be purchased at the cost of authenticity in a system whose legitimacy rests on truthful authority.

CONCLUSION

AI can assist justice but must never author it. The way forward is a clear policy of approved tools, mandatory verification, disclosure and accountability, so that generative technology accelerates research without ever replacing the human judgment that the Constitution entrusts to courts.


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