Negotiable Instruments Act, 1881

Section 44 - Partial absence or failure of money-consideration.—When the consideration for which a person signed a promissory note,

Explanation.The drawer of a bill of exchange stands in immediate relation with the acceptor. Themaker of a promissory note, bill of exchange or cheque stands in immediate relation with the payee, andthe indorser with his indorsee. Other signers may by agreement stand in immediate relation with a holder. Illustration A draws a bill on B for Rs. 500 payable to the order of A, B accepts the bill, but subsequently dishonours , it bynon-payment. A sues B on the bill, B proves that it was accepted for value as to Rs. 400, and as an accommodation tothe plaintiff as to the residue. A can only recover Rs. 400.