*Islamic Economics Series 9*

Partnership and Profit-Sharing in Islamic Law

MUHAMMAD NEJATULLAH SIDDIQI

**The Islamic Foundation**

**Foreword**

*Partnership and Profit-Sharing in Islamic Law* is a valuable contribution to the literature on Islamic economics because it throws lucid light on the framework of economic institu­tions within which economic operations should take place in Islam. It aims to introduce the economist, who does not have access to the original Islamic sources in the Qur'an, *Sunnah* and *Fight,* to the legal framework on which economic institutions are built. As an exposition of the Islamic concepts of *Mud@rabah* and *Shirah,* two basic forms of joint venture, the book should prove valuable. It also helps one to understand the network of rights and obligations that go with the Islamic economic institutions, and the relative roles of capital and entrepreneurship in an Islamic framework. Islam does not regard capital and entrepreneurship as distinct factors with a separate basis for reward, rather as co-partners with a uniform basis for return. Indeed, in case of negative return or loss, it is capital rather than the entrepreneur that is disadvantaged. This approach is very different from the capitalist approach which maintains the supremacy of capital, according it an inherent value irrespective of effort. By contrast, Islam's primary concern is justice, and not the protection of any given interest.

Dr. Nejatullah Siddiqi, a Faisal laureate in Islamic Economics, is one of the pioneers in the field. He has made prolific contributions on different aspects of Islamic economics. Among the most original of these has been in the field of monetary economics, sketching out the model of a banking system without interest. It is this that led him to the problem of explaining the framework of economic institutions developed by the Muslims in history, and which can be drawn upon in the contemporary age to develop new institutions capable of adequately mobilizing and allocating

5

Resources without recourse to interest. It is some twenty years ago that Dr. Siddiqi wrote this book on partnership and profit-sharing, which has since run into many editions and helped its Urdu readers to understand the legal foundations, as well as the procedural rules, of the institutions of economic organization and joint venture in Islam. The emphasis is on the legal aspect, but then law is integral to economics when problems of ownership and economic organization are studied. I have no doubt that the publication of this translation will be of immense benefit to English readers both general and specialist. Dr. Siddiqi has returned many times to the question of modern adaptations of the old institutions, and his arguments in this book will certainly help not only Muslims engaged in business but those who seek to develop and establish a modern system of banking and insurance on Islamic lines.

The Islamic Foundation, Leicester 28 August, 1984

2 Dhu'I-Hijja, 1404

6

**Khurshid Ahmad**