

Question 1120) - What is the definition and regulations of Shirkatul Mufawadah?

A: It is the partnership of two men whereby they will be equal in their wealth, transacting, debts and it encompasses wakalah and Kafalah (agency and debts). Whatever any of them buy will belong to the partnership, except their food and clothing for the family. Whatever debt one of them incurs by way of something which can be jointly owned, and then the other partner is responsible for its payment as well. This kind of partnership is permissible between adult, intelligent Muslims. It is not allowed between a freeman and a slave; or between a child and an adult or between a Muslims and a Kafir.

~ al-Quduri ~