We were the wealthiest farmers among the Ansār, and we used to lease out the land (saying): The produce of this (part of land) would be ours and (the produce) of that would be theirs. But it so happened that at times this (land) gave harvest, but the other one produced nothing. So he (the Prophet) forbade this. However, so far as the payment in silver is concerned, he did not forbid it

Rāfi‘ ibn Khadīj (may Allah be pleased with him) reported that we were the wealthiest farmers among the Ansār, and we used to lease out the land (saying): "The produce of this (part of land) would be ours and (the produce) of that would be theirs." But it so happened that at times this (land) gave harvest, but the other one produced nothing. So he forbade this. However, so far as the payment in silver is concerned, he did not forbid it.

[Authentic hadith] [Narrated by Bukhari & Muslim]

This Hadīth clarifies the valid and invalid sharecropping. Rāfi‘ ibn Khadīj mentioned that his people owned most of the farms and gardens in Madīnah. They used to sharecrop them in a way that was commonly practiced in the pre-Islamic era. They would give the land to be cultivated in return for receiving the produce of one side of the land and leaving the produce of the other side for the farmer. Sometimes one side would bring forth produce and the other would not. The Prophet (may Allah's peace and blessings be upon him) forbade them from this transaction, due to the great uncertainty and danger it involves. The compensation must be known, and there must also be a sort of equality in profits and losses. If the compensation is part of the produce, then it is sharecropping and partnership in cultivation that should be built upon justice and equality in its profits and losses. Justice could be achieved by assigning a specified proportion/percentage of the produce for each of the parties, such as the fourth or the half, or the like. This form of transaction is permissible whether the payment is given in gold or silver (which is leasing) or in proportion of the land produce (which is sharecropping). This is supported by the Hadīth, which reads: "If the compensation is something known and guaranteed, then there is no objection to it."