**Abstract**

Self-reliance of SHGs based on internal savings and retained earnings was found to be rapidly growing, exceeding in older groups the volume of bank refinance by an increasing margin. SHGs deposit substantial amounts of savings voluntarily in banks as a reserve for bad debts. In addition to direct effects on bank profits, SHG Banking has indirect commercial effects on banks in terms of improved overall vibrancy in banking activities. The main value of the study is therefore methodological: an questionnaire was used to examine the lending and recovery performance of SHG linkage banking at the level of bank branches, banks in Coimbatore District