

MORGAN STANLEY INDIA INVESTMENT FUND, INC.
Form N-CSRS
September 06, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM N-CSR

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED
MANAGEMENT INVESTMENT COMPANIES**

Investment Company Act file number 811-08238

Morgan Stanley India Investment Fund, Inc.
(Exact name of registrant as specified in charter)

522 Fifth Avenue New York, NY
(Address of principal executive offices)

10036
(Zip code)

Ronald E. Robison

522 Fifth Avenue New York, New York 10036
(Name and address of agent for service)

Registrant's telephone number, including area code: 1-800-231-2608

Date of fiscal year 12/31
end:

Date of reporting period: 6/30/07

Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-CSR, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-CSR unless the Form displays a currently valid Office of Management and Budget (OMB) control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. Section 3507.

ITEM 1. REPORTS TO STOCKHOLDERS.

The Fund's semi-annual report transmitted to shareholders pursuant to Rule 30e-1 under the Investment Company Act of 1940 is as follows:

2007 Semi-Annual Report

June 30, 2007

Morgan Stanley
India Investment Fund, Inc.

Morgan Stanley
Investment Management Inc.
Investment Adviser

Morgan Stanley India Investment Fund, Inc.

Overview (unaudited)

Letter to Stockholders

Performance

For the six months ended June 30, 2007, the Morgan Stanley India Investment Fund, Inc. (the Fund) had total returns, based on net asset value and market price per share, of 20.47%, net of fees and -2.40%, respectively, compared to 18.37% for the U.S. dollar adjusted Bombay Stock Exchange (BSE) National Index (the Index). On June 30, 2007, the closing price of the Fund's shares on the New York Stock Exchange was \$44.99, representing a 11.1% discount to the Fund's net asset value per share. Past performance is no guarantee of future results.

Factors Affecting Performance

In a typical bull market, a major portion of overall returns are attributed to a rise in the price to earnings (P/E) multiple. However, a defining feature of the current bull market has been that earnings growth have largely driven overall gains, but with a relatively limited increase in the P/E ratio.

Investor skepticism over the longevity of the bull run is a major reason for the limited rise in the P/E ratio. There's a strong feeling that excessive liquidity in the system has distorted risk levels and artificially propelled risky assets such as emerging markets higher. Such arguments are now being firmly discredited. Interest rates have risen for several quarters and are close to their long-term averages, when adjusted for inflation, in most parts of the world. Yet, emerging markets have been unaffected by the rate hikes.

The recent surge in the U.S. 10-year Treasury yield to above 5% was supposed to sound the death knell for risky assets but that didn't cause too many ripples for emerging markets. Similarly, measures of risk in the U.S. have indeed gone up sharply over the past quarter. The widely followed VIX Index, which captures market expectations of future volatility, and therefore risk, has risen markedly from 9 to 16 since late February and yet emerging markets have headed further north.

However, investor sentiment is known to swing from one extreme to another and it's quite possible that the next big theme in the marketplace could be a transition to viewing emerging markets as a genuine productivity-driven growth story. In such an environment, we believe investors will be willing to pay much higher P/E multiples for the asset class and price them at a premium valuation to developed markets. That's what happened in the first half of the 1990s before inherent institutional weaknesses ranging from poor corporate governance to reform fatigue drowned

the bulls.

In the long-run, similar fault lines could trip many developing countries as few nations have the where with all to make it to the higher stages of development. However, the more relevant point now is that far from being too ebullient about the outlook for emerging markets, most analysts have been stuck in viewing the asset class from the prism of the past and have underappreciated the structural changes.

Our overweight positions in the industrials, consumer discretionary and telecommunication services sectors contributed to performance, whereas an underweight in the financials sector detracted from performance.

Management Strategies

It is important to recall that in the previous major peak for emerging markets in September 1994, the asset class traded at a forward P/E ratio of 22 significantly higher than the current value of 14. Similarly, India's P/E ratio in 1994 was 25. The current fuss over India's P/E multiple of 17 is then at best premature. Furthermore, the earnings estimates, which dictate the P/E ratio, have been ratcheted down significantly in the past few months. The consensus now expects earnings to rise by 15-17% over the coming year, compared to the 25% annualized pace of the past four years. Therefore, we think there is still scope for the market to move higher on the back of both more multiple expansion and upside surprises in earnings growth.

Morgan Stanley India Investment Fund, Inc.

Overview (unaudited)

Letter to Stockholders (cont d)

Management Strategies (cont d)

In terms of portfolio positioning, we continue to be overweight the industrials sector. Investment to gross domestic product ratio for India, which is currently at 32%, has been inching upwards. While we may not quite see the levels reached in China, we think that this ratio could move higher in the years to come. We continue to be positive on the wireless sector where increased network coverage and cheaper handsets will continue to target newer strata, lower in the socio-economic pyramid. Also among our top 10 stocks are a couple of names that are proxy plays on rising crude oil prices. These include a company in offshore drilling rigs and the other in the manufacture of equipment for alternative energy fuels.

Sincerely,

Ronald E. Robison

President and Director

July 2007

Morgan Stanley India Investment Fund, Inc.

June 30, 2007 (unaudited)

Investment Advisory
Agreement Approval

Nature, Extent and Quality of Services

The Board reviewed and considered the nature and extent of the investment advisory services provided by the Investment Adviser under the Advisory Agreement, including portfolio management, investment research and equity and fixed income securities trading. The Board also reviewed and considered the nature and extent of the non-advisory, administrative services provided by the Fund's Administrator under the Administration Agreement, including accounting, clerical, bookkeeping, compliance, business management and planning, and the provision of supplies, office space and utilities at the Investment Adviser's expense. (The Investment Adviser and the Administrator together are referred to as the Adviser and the Advisory and Administration Agreements together are referred to as the Management Agreement.) The Board also compared the nature of the services provided by the Adviser with similar services provided by non-affiliated advisers as reported to the Board by Lipper Inc. (Lipper).

The Board reviewed and considered the qualifications of the portfolio managers, the senior administrative managers and other key personnel of the Adviser who provide the advisory and administrative services to the Fund. The Board determined that the Adviser's portfolio managers and key personnel are well qualified by education and/or training and experience to perform the services in an efficient and professional manner. The Board concluded that the nature and extent of the advisory and administrative services provided were necessary and appropriate for the conduct of the business and investment activities of the Fund. The Board also concluded that the overall quality of the advisory and administrative services was satisfactory.

Performance Relative to Comparable Funds Managed by Other Advisers

On a regular basis, the Board reviews the performance of all funds in the Morgan Stanley Fund Complex, including the Fund, compared to their peers, paying specific attention to the underperforming funds. In addition, the Board specifically reviewed the Fund's performance for the one-, three- and five-year periods ended November 30, 2006, as shown in a report provided by Lipper (the Lipper Report), compared to the performance of comparable funds selected by Lipper (the performance peer group). The Board also discussed with the Adviser the performance goals and the actual results achieved in managing the Fund. The Board concluded that the Fund's performance was competitive with that of its performance peer group.

Fees Relative to Other Proprietary Funds Managed by the Adviser with Comparable Investment Strategies

The Board noted that the Adviser did not manage any other proprietary funds with investment strategies comparable to those of the Fund.

Fees and Expenses Relative to Comparable Funds Managed by Other Advisers

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The Board reviewed the advisory and administrative fee (together, the management fee) rate and total expense ratio of the Fund as compared to the average management fee rate and average total expense ratio for funds, selected by Lipper (the expense peer group), managed by other advisers with investment strategies comparable to those of the Fund, as shown in the Lipper Report. The Board concluded that the Fund's management fee rate and total expense ratio were competitive with those of its expense peer group.

Breakpoints and Economies of Scale

The Board reviewed the structure of the Fund's management fee schedule under the Management Agreement and noted that it does not include any breakpoints. The Board considered that the Fund is a closed-end fund and, therefore, that the Fund's assets are not likely to grow with new sales or grow significantly as a result of capital appreciation. The Board concluded that economies of scale for this Fund were not a factor that needed to be considered.

Profitability of the Adviser and Affiliates

The Board considered information concerning the costs incurred and profits realized by the Adviser and affiliates during the last year from their relationship with the Fund and during the last two years from their relationship with the Morgan Stanley Fund Complex and reviewed with the Adviser the cost allocation methodology used to determine the profitability of the Adviser and affiliates. Based on its review of the information it received, the Board concluded that the profits earned by the Adviser and affiliates were not excessive in light of the advisory, administrative and other services provided to the Fund.

Morgan Stanley India Investment Fund, Inc.

Investment Advisory
Agreement Approval (cont d)

June 30, 2007 (unaudited)

Fall-Out Benefits

The Board considered so-called fall-out benefits derived by the Adviser and affiliates from their relationship with the Fund and the Morgan Stanley Fund Complex, such as commissions on the purchase and sale of Fund shares and float benefits derived from handling of checks for purchases and sales of Fund shares, through a broker-dealer affiliate of the Adviser and soft dollar benefits (discussed in the next section). The Board concluded that the commissions were competitive with those of other broker-dealers and the float benefits were relatively small.

Soft Dollar Benefits

The Board considered whether the Adviser realizes any benefits as a result of brokerage transactions executed through soft dollar arrangements. Under such arrangements, brokerage commissions paid by the Fund and/or other funds managed by the Adviser would be used to pay for research that a securities broker obtains from third parties, or to pay for both research and execution services from securities brokers who effect transactions for the Fund. The Board recognized that the receipt of such research from brokers may reduce the Adviser's costs but concluded that the receipt of such research strengthens the investment management resources of the Adviser, which may ultimately benefit the Fund and other funds in the Morgan Stanley Fund Complex.

Adviser Financially Sound and Financially Capable of Meeting the Fund's Needs

The Board considered whether the Adviser is financially sound and has the resources necessary to perform its obligations under the Management Agreement. The Board concluded that the Adviser has the financial resources necessary to fulfill its obligations under the Management Agreement.

Historical Relationship Between the Fund and the Adviser

The Board also reviewed and considered the historical relationship between the Fund and the Adviser, including the organizational structure of the Adviser, the policies and procedures formulated and adopted by the Adviser for managing the Fund's operations and the Board's confidence in the competence and integrity of the senior managers and key personnel of the Adviser. The Board concluded that it is beneficial for the Fund to continue its relationship with the Adviser.

Other Factors and Current Trends

The Board considered the controls and procedures adopted and implemented by the Adviser and monitored by the Fund's Chief Compliance Officer and concluded that the conduct of business by the Adviser indicates a good faith effort on its part to adhere to high ethical standards in the conduct of the Fund's business.

General Conclusion

On April 25, 2007, after considering and weighing all of the above factors, the Board concluded that it would be in the best interest of the Fund and its stockholders to approve renewal of the Management Agreement for another year until April 30, 2008. On June 20, 2007, the Board again considered and weighed all of the above factors and concluded that it would be in the best interest of the Fund and its stockholders to approve renewal of the Management Agreement to continue until June 30, 2008.

Morgan Stanley India Investment Fund, Inc.

June 30, 2007 (unaudited)

Portfolio of Investments

	Shares	Value (000)
COMMON STOCKS (101.4%)		
(Unless Otherwise Noted)		
Auto Components (1.2%)		
Apollo Tyres Ltd.	1,875	\$ 15
Balkrishna Industries Ltd.	520,670	7,800
Patheja Forgings & Auto Parts Manufacturers Ltd.	(a)(b)(c)450,000	@
Rico Auto Industries Ltd.	3,861,551	4,544
		12,359
Automobiles (4.3%)		
Hero Honda Motors Ltd.	1,185	20
Mahindra & Mahindra Ltd.	1,332,000	23,664
Maruti Udyog Ltd.	1,048,000	19,159
		42,843
Chemicals (1.3%)		
Gujarat Fluorochemicals Ltd.	753,280	12,772
ICI (India) Ltd.	25,000	330
		13,102
Commercial Banks (13.6%)		
HDFC Bank Ltd.	1,349,269	38,012
ICICI Bank Ltd.	(b)2,346,293	56,358
Punjab National Bank Ltd.	(b)1,186,158	18,874
UTI Bank Ltd.	1,610,300	23,954
		137,198
Construction & Engineering (1.0%)		
Hindustan Construction Co., Ltd.	3,457,700	10,465
Construction Materials (2.0%)		
Ambuja Cements Ltd.	3,718,500	11,374
Shree Cement Ltd.	280,370	8,811
		20,185
Electrical Equipment (16.9%)		
ABB Ltd.	2,837,455	76,278
Bharat Heavy Electricals Ltd.	1,394,728	52,693
Emco Ltd. GDR	350,000	6,893
GVK Power & Infrastructure Ltd.	1,216,021	14,535
Jyoti Structures Ltd.	4,250,000	19,483
		169,882
Energy Equipment & Services (4.3%)		
Aban Offshore Ltd.	586,235	43,322
Food Products (1.5%)		
Nestle India Ltd.	522,500	14,889
Hotels, Restaurants & Leisure (0.8%)		
Hotel Leela Venture Ltd.	5,924,965	7,656
Independent Power Producers & Energy Traders (2.4%)		
NTPC Ltd.	6,318,800	23,720
Information Technology Services (14.4%)		
HCL Technologies Ltd.	3,071,090	\$ 25,950
Infosys Technologies Ltd.	1,423,200	67,447

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Infosys Technologies Ltd. ADR	352,000	17,734
SSI Ltd.	(a)1,476,000	5,842
Tata Consultancy Services Ltd.	357,000	10,080
Wipro Ltd.	1,435,682	18,286
		145,339
Machinery (4.0%)		
Ashok Leyland Ltd.	13,336,100	12,401
Praj Industries Ltd.	2,407,000	28,150
		40,551
Media (4.8%)		
Deccan Chronicle Holdings Ltd.	(b)5,414,230	32,093
New Delhi Television Ltd.	833,250	8,554
Television Eighteen India Ltd.	(b)336,010	7,996
		48,643
Metals & Mining (1.2%)		
Steel Authority of India Ltd.	3,645,000	11,722
Multiline Retail (2.7%)		
Pantaloon Retail India Ltd.	1,811,099	26,748
Oil, Gas & Consumable Fuels (2.1%)		
Reliance Industries Ltd.	500,000	20,889
Personal Products (1.4%)		
Marico Ltd.	10,506,200	14,299
Pharmaceuticals (4.7%)		
Aventis Pharma Ltd.	294,000	10,448
Biocon Ltd.	127,000	1,374
Cipla Ltd.	2,404,275	12,295
Glenmark Pharmaceuticals Ltd.	1,442,372	23,284
		47,401
Road & Rail (1.3%)		
Container Corp. of India Ltd.	235,251	13,493
Software (1.8%)		
Geodesic Information Systems Ltd.	2,481,429	17,935
Textiles, Apparel & Luxury Goods (1.4%)		
Himatsingka Seide Ltd.	2,284,322	6,543
SRF Ltd.	1,832,000	7,714
		14,257
Tobacco (1.5%)		
ITC Ltd.	3,956,700	15,037

The accompanying notes are an integral part of the financial statements.

Morgan Stanley India Investment Fund, Inc.

June 30, 2007 (unaudited)

Portfolio of Investments (cont d)

	Shares		Value (000)
Wireless Telecommunication Services (10.8%)			
Bharti Airtel Ltd.	(a)(b)3,682,000	\$	75,995
Reliance Communication Ltd.	(a)2,553,000		32,454
			108,449
TOTAL COMMON STOCKS			
(Cost \$548,414)			1,020,384
SHORT-TERM INVESTMENTS (7.3%)			
Investment Company (6.8%)			
Morgan Stanley Institutional Liquidity Money Market Portfolio Institutional Class	(d)68,829,726		68,830
		Face Amount (000)	
Sovereign (0.5%)			
Indian Government Treasury Bill, Zero Coupon, 8/24/07	INR	200,000	4,863
TOTAL SHORT-TERM INVESTMENTS			
(Cost \$73,702)		268,830	73,693
TOTAL INVESTMENTS (108.7%)			
(Cost \$622,116)			1,094,077
LIABILITIES IN EXCESS OF OTHER ASSETS (-8.7%)			
			(87,508)
NET ASSETS (100%)			
		\$	1,006,569

-
- (a) Non-income producing.
 - (b) Security was valued at fair value At June 30, 2007, the Fund held \$191,316,000 of fair valued securities, representing 19.0% of net assets.
 - (c) Security has been deemed illiquid at June 30, 2007.
 - (d) See Note H to the financial statements regarding investment in Morgan Stanley Institutional Liquidity Money Market Portfolio Institutional Class.
 - @ Value is less than \$500.
 - ADR American Depositary Receipt
 - GDR Global Depositary Receipt

Foreign Currency Exchange Contract Information:

The Fund had the following foreign currency exchange contract(s) open at period end:

Currency to	In Exchange	Net Unrealized Appreciation
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Deliver (000)		Value (000)		Settlement Date	For (000)		Value (000)		(Depreciation) (000)	
USD	14	\$	14	7/3/07	INR	562	\$	14	\$	@
USD	29		29	7/3/07	INR	1,191		29		@
		\$	43				\$	43	\$	@

INR Indian Rupee

USD United States Dollar

Graphic Presentation of Portfolio Holdings

The following graph depicts the Fund's holdings by industry and/or security type, as a percentage of total investments.

* Industries which do not appear in the above graph, as well as those which represent less than 5% of total investments, if applicable, are included in the category labeled "Other".

The accompanying notes are an integral part of the financial statements.

Morgan Stanley India Investment Fund, Inc.

Financial Statements

Statement of Assets and Liabilities

	June 30, 2007 (unaudited) (000)
Assets:	
Investments in Securities of Unaffiliated Issuers, at Value (Cost \$553,286)	\$ 1,025,247
Investment in Security of Affiliated Issuer, at Value (Cost \$68,830)	68,830
Foreign Currency, at Value (Cost \$2,830)	2,878
Receivable for Investments Sold	7,168
Dividend Receivable	1,217
Tax Reclaim Receivable	252
Interest Receivable	213
Receivable from Affiliate	8
Unrealized Appreciation on Foreign Currency Exchange Contracts	@
Other Assets	35
Total Assets	1,105,848
Liabilities:	
Payable For:	
Dividends Declared	97,595
Investment Advisory Fees	955
Custodian Fees	225
Investments Purchased	165
Directors Fees and Expenses	120
Administration Fees	19
Other Liabilities	200
Total Liabilities	99,279
Net Assets	
Applicable to 19,900,320, Issued and Outstanding \$0.01 Par Value Shares (100,000,000 Shares Authorized)	\$ 1,006,569
Net Asset Value Per Share	\$ 50.58
Net Assets Consist of:	
Common Stock	\$ 199
Paid-in Capital	430,752
Undistributed (Distributions in Excess of) Net Investment Income	720
Accumulated Net Realized Gain (Loss)	103,255
Unrealized Appreciation (Depreciation) on Investments and Foreign Currency Translations	471,643
Net Assets	\$ 1,006,569

@ Amount is less than \$500.

The accompanying notes are an integral part of the financial statements.

Morgan Stanley India Investment Fund, Inc.

Financial Statements

Statement of Operations

	Six Months Ended June 30, 2007 (unaudited) (000)
Investment Income	
Dividends from Securities of Unaffiliated Issuers	\$ 5,982
Interest from Securities of Unaffiliated Issuers	607
Interest from Security of Affiliated Issuer	520
Total Investment Income	7,109
Expenses	
Investment Advisory Fees (Note B)	5,318
Custodian Fees (Note D)	635
Administration Fees (Note C)	398
Professional Fees	87
Directors Fees and Expenses (Note E)	48
Stockholder Reporting Expenses	36
Stockholder Servicing Agent Fees	10
Other Expenses	48
Total Expenses	6,580
Waiver of Administration Fees (Note C)	(257)
Rebate from Morgan Stanley Affiliated Cash Sweep (Note H)	(14)
Expense Offset (Note D)	(1)
Net Expenses	6,308
Net Investment Income (Loss)	801
Net Realized Gain (Loss) on:	
Investments	104,097
Foreign Currency Transactions	49
Net Realized Gain (Loss)	104,146
Change in Unrealized Appreciation (Depreciation) on:	
Investments	78,043
Foreign Currency Translations	29
Change in Unrealized Appreciation (Depreciation)	78,072
Total Net Realized Gain (Loss) and Change in Unrealized Appreciation (Depreciation)	182,218
Net Increase (Decrease) in Net Assets Resulting from Operations	\$ 183,019

The accompanying notes are an integral part of the financial statements.

Morgan Stanley India Investment Fund, Inc.

Financial Statements

Statements of Changes in Net Assets

	Six Months Ended June 30, 2007 (unaudited) (000)	Year Ended December 31, 2006 (000)
Increase (Decrease) in Net Assets		
Operations:		
Net Investment Income (Loss)	\$ 801	\$ (1,110)
Net Realized Gain (Loss)	104,146	202,597
Change in Unrealized Appreciation (Depreciation)	78,072	82,013
Net Increase (Decrease) in Net Assets Resulting from Operations	183,019	283,500
Distributions from and/or in Excess of:		
Net Realized Gain	(97,595)	(105,431)
Capital Share Transactions:		
Reinvestment of Distributions (104,859 and 72,491 shares, respectively)	4,942	2,890
Repurchase of Shares (100,445 shares in 2007)	(4,695)	
Additional Expenses Incurred from the 2005 Rights Offering	(28)	(83)
Net Increase (Decrease) in Net Assets Resulting from Capital Share Transactions	219	2,807
Total Increase (Decrease)	85,643	180,876
Net Assets:		
Beginning of Period	920,926	740,050
End of Period (Including Undistributed (Distributions in Excess of) Net Investment Income of \$720 and \$(81), respectively)	\$ 1,006,569	\$ 920,926

The accompanying notes are an integral part of the financial statements.

Morgan Stanley India Investment Fund, Inc.

Financial Highlights

Selected Per Share Data and Ratios

	Six Months Ended June 30, 2007 (unaudited)		Year Ended December 31,				
		2006	2005	2004	2003	2002	
Net Asset Value, Beginning of Period	\$ 46.29	\$ 37.33	\$ 29.09	\$ 22.95	\$ 11.98	\$ 10.53	
Net Investment Income (Loss)	0.04	(0.06)	0.06	0.11	0.16	0.03	
Net Realized and Unrealized Gain (Loss) on Investments	9.13	14.32	12.18	6.12	11.01	1.39	
Total from Investment Operations	9.17	14.26	12.24	6.23	11.17	1.42	
Distributions from and/or in Excess of:							
Net Investment Income			(0.28)	(0.09)	(0.20)	(0.01)	
Net Realized Gain	(4.90)	(5.30)	(3.60)				
Total Distributions	(4.90)	(5.30)	(3.88)	(0.09)	(0.20)	(0.01)	
Dilutive Effect of Shares issued through Rights Offering and Offering Costs			(0.12)				
Anti-Dilutive Effect of Share Repurchase Program	0.02				0.00#	0.04	
Net Asset Value, End of Period	\$ 50.58	\$ 46.29	\$ 37.33	\$ 29.09	\$ 22.95	\$ 11.98	
Per Share Market Value, End of Period	\$ 44.99	\$ 50.82	\$ 37.35	\$ 30.96	\$ 26.55	\$ 9.94	
TOTAL INVESTMENT RETURN:							
Market Value	(2.40)%**	51.73%	32.57%	17.03%	169.33%	15.07%	
Net Asset Value (1)	20.47%**	38.28%	41.02%	27.21%	93.15%	13.94%	
RATIOS, SUPPLEMENTAL DATA:							
Net Assets, End of Period (Thousands)	\$ 1,006,569	\$ 920,926	\$ 740,050	\$ 465,448	\$ 366,984	\$ 192,309	
Ratio of Expenses to Average Net Assets(2)	1.30%*	1.35%	1.38%	1.40%	1.56%	1.56%	
Ratio of Net Investment Income (Loss) to Average Net Assets(2)	0.17%*	(0.13)%	0.17%	0.57%	1.10%	0.28%	
Portfolio Turnover Rate	23%**	34%	32%	52%	36%	23%	
(2) Supplemental Information on the Ratios to Average Net Assets:							
Ratios Before Expenses Waived by Administrator:							
Ratio of Expenses to Average Net Assets	1.36%*	1.40%	1.43%	1.41%	N/A	N/A	
Ratio of Net Investment Income (Loss) to Average Net Assets	0.11%*	(0.18)%	0.12%	0.56%	N/A	N/A	

(1) Total investment return based on net asset value per share reflects the effects of changes in net asset value on the performance of the Fund during each period, and assumes dividends and distributions, if any, were reinvested. This percentage is not an indication of the performance of a stockholder's investment in the Fund based on market value due to differences between the market price of the stock and the net asset value per share of the Fund.

Per share amounts are based on average shares outstanding.

Amount is less than \$0.005 per share.

* Annualized

** Not Annualized

The accompanying notes are an integral part of the financial statements.

Morgan Stanley India Investment Fund, Inc.

June 30, 2007 (unaudited)

Notes to Financial Statements

The Morgan Stanley India Investment Fund, Inc. (the Fund) was incorporated in Maryland on December 22, 1993, and is registered as a non-diversified, closed-end management investment company under the Investment Company Act of 1940, as amended (the 1940 Act). The Fund's investment objective is long-term capital appreciation through investments primarily in equity securities of Indian Issuers.

A. Accounting Policies: The following significant accounting policies are in conformity with U.S. generally accepted accounting principles. Such policies are consistently followed by the Fund in the preparation of its financial statements. U.S. generally accepted accounting principles may require management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results may differ from those estimates.

1. Security Valuation: Securities listed on a foreign exchange are valued at their closing price. Unlisted securities and listed securities not traded on the valuation date for which market quotations are readily available are valued at the mean between the current bid and asked prices obtained from reputable brokers. Equity securities listed on a U.S. exchange are valued at the latest quoted sales price on the valuation date. Equity securities listed or traded on NASDAQ, for which market quotations are available, are valued at the NASDAQ Official Closing Price. Debt securities purchased with remaining maturities of 60 days or less are valued at amortized cost, if it approximates value.

All other securities and investments for which market values are not readily available, including restricted securities, and those securities for which it is inappropriate to determine prices in accordance with the aforementioned procedures, are valued at fair value as determined in good faith under procedures adopted by the Board of Directors (the Directors), although the actual calculations may be done by others. Factors considered in making this determination may include, but are not limited to, information obtained by contacting the issuer, analysts, or the appropriate stock exchange (for exchange-traded securities), analysis of the issuer's financial statements or other available documents and, if necessary, available information concerning other securities in similar circumstances.

Most foreign markets close before the New York Stock Exchange (NYSE). Occasionally, developments that could affect the closing prices of securities and other assets may occur between the times at which valuations of such securities are determined (that is, close of the foreign market on which the securities trade) and the close of business on the NYSE. If these developments are expected to materially affect the value of the securities, the valuations may be adjusted to reflect the estimated fair value as of the close of the NYSE, as determined in good faith under procedures established by the Directors.

2. Repurchase Agreements: The Fund may enter into repurchase agreements under which the Fund lends excess cash and takes possession of securities with an agreement that the counterparty will repurchase such securities.

In connection with transactions in repurchase agreements, a bank as custodian for the Fund takes possession of the underlying securities (collateral), with a market value at least equal to the amount of the repurchase transaction, including principal and accrued interest. To the extent that any repurchase transaction exceeds one business day, the value of the collateral is marked-to-market on a daily basis to determine the adequacy of the collateral. In the event of default on the obligation to repurchase, the Fund has the right to liquidate the collateral and apply the proceeds in satisfaction of the obligation. In the event of default or bankruptcy by the counterparty to the agreement, realization and/or retention of the collateral or proceeds may be subject to legal proceedings.

The Fund, along with other affiliated investment companies, may utilize a joint trading account for the purpose of entering into one or more repurchase agreements.

3. Foreign Currency Translation: The books and records of the Fund are maintained in U.S. dollars. Amounts denominated in Indian rupees are translated into U.S. dollars at the mean of the bid and asked prices of such currency against U.S. dollars last quoted by a major bank as follows:

investments, other assets and liabilities at the prevailing rate of exchange on the valuation date;

investment transactions and investment income at the prevailing rate of exchange on the dates of such transactions.

Although the net assets of the Fund are presented at the foreign exchange rate and market values at the close of the period, the Fund does not isolate that portion of the results of operations arising as a result of changes in the foreign exchange rate from the fluctuations arising from changes in the market prices of the securities held at period end.

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Similarly, the Fund does not isolate the effect of changes in the foreign exchange rate from the fluctuations arising from changes in the market prices of securities sold during the period. Accordingly, realized and unrealized foreign currency gains (losses) due to securities transactions are included in the reported net realized and unrealized gains (losses) on investment transactions and balances.

Net realized gains (losses) on foreign currency transactions represent net foreign exchange gains (losses) from sales and maturities of foreign currency exchange contracts, disposition of foreign currency, currency gains or losses realized between the trade and settlement dates on securities transactions, and the difference between the amount of investment income and foreign withholding taxes recorded on the Fund's books and the U.S. dollar equivalent amounts actually received or paid. Net unrealized currency gains (losses) from valuing foreign currency denominated assets and liabilities at period end exchange rates are reflected as a component of unrealized appreciation (depreciation) on investments and foreign currency translations in the Statement of Assets and Liabilities. The change in unrealized currency gains (losses) on foreign currency translations for the period is reflected in the Statement of Operations.

A significant portion of the Fund's net assets consist of Indian securities which involve certain considerations and risks not typically associated with investments in the United States. In addition to its smaller size, less liquidity and greater volatility, the Indian securities market is less developed than the U.S. securities market and there is often substantially less publicly available information about Indian issuers than there is about U.S. issuers. Settlement mechanisms are also less developed and are accomplished, in certain cases, only through physical delivery, which may cause the Fund to experience delays or other difficulties in effecting transactions.

4. Derivatives: The Fund may use derivatives to achieve its investment objectives. The Fund may engage in transactions in futures contracts on foreign currencies, stock indices, as well as in options, swaps and structured products. Consistent with the Fund's investment objectives and policies, the Fund may use derivatives for non-hedging as well as hedging purposes.

Following is a description of derivative instruments that the Fund has utilized and their associated risks:

Foreign Currency Exchange Contracts: The Fund may enter into foreign currency exchange contracts generally to attempt to protect securities and related receivables and payables against changes in future foreign exchange rates and, in certain situations, to gain exposure to a foreign currency. A foreign currency exchange contract is an agreement between two parties to buy or sell currency at a set price on a future date. The market value of the contract will fluctuate with changes in currency exchange rates. The contract is marked-to-market daily and the change in market value is recorded by the Fund as unrealized gain or loss. The Fund records realized gains or losses when the contract is closed equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed. Risk may arise upon entering into these contracts from the potential inability of counterparties to meet the terms of their contracts and is generally limited to the amount of unrealized gain on the contracts, if any, at the date of default. Risks may also arise from unanticipated movements in the value of a foreign currency relative to the U.S. dollar.

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Futures: The Fund may purchase and sell futures contracts. Futures contracts provide for the sale by one party and purchase by another party of a specified amount of a specified security, index, instrument or basket of instruments. Futures contracts (secured by cash, government or other liquid securities deposited with brokers or custodians as initial margin) are valued based upon their quoted daily settlement prices; changes in initial settlement value (represented by cash paid to or received from brokers as variation margin) are accounted for as unrealized appreciation (depreciation). When futures contracts are closed, the difference between the opening value at the date of purchase and the value at closing is recorded as realized gains or losses in the Statement of Operations.

The Fund may use futures contracts in order to manage its exposure to the stock and bond markets, to hedge against unfavorable changes in the value of securities or to remain fully invested and to reduce transaction costs. Futures contracts involve market risk in excess of the amounts recognized in the Statement of Assets and Liabilities. Risks arise from the possible movements in security values underlying these instruments. The change in value of futures contracts primarily corresponds with the value of their underlying instruments, which may not correlate with the change in value of the hedged investments. In

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addition, there is the risk that the Fund may not be able to enter into a closing transaction because of an illiquid secondary market.

Purchased & Written Options: The Fund may write covered call and put options on portfolio securities and other financial instruments. Premiums are received and are recorded as liabilities. The liabilities are subsequently adjusted to reflect the current value of the options written. Premiums received from writing options which expire are treated as realized gains. Premiums received from writing options which are exercised or are closed are added to or offset against the proceeds or amount paid on the transaction to determine the net realized gain or loss. By writing a covered call option, the Fund, in exchange for the premium, foregoes the opportunity for capital appreciation above the exercise price should the market price of the underlying security increase. By writing a put option, the Fund, in exchange for the premium, accepts the risk of having to purchase a security at an exercise price that is above the current market price.

The Fund may purchase call and put options on its securities or other financial instruments. The Fund may purchase call options to protect against an increase in the price of the security or financial instrument it anticipates purchasing. The Fund may purchase put options on securities which it holds or other financial instruments to protect against a decline in the value of the security or financial instrument or to close out covered written put positions. Risks may arise from an imperfect correlation between the change in market value of the securities purchased or sold by the Fund and from the possible lack of a liquid secondary market for an option. The maximum exposure to loss for any purchased option is limited to the premium initially paid for the option.

Structured Notes: Structured notes are derivatives on which the amount of principal repayment and/or interest payments is based upon the movement of one or more factors. These factors include, but are not limited to, currency exchange rates, interest rates (such as the prime lending rate and LIBOR) and stock indices such as the S&P 500 Index. In some cases, the impact of the movements of these factors may increase or decrease through the use of multipliers or deflators. The use of structured notes allows a Fund to tailor its investments to the specific risks and returns the Advisor wishes to accept while avoiding or reducing certain other risks.

Over-the-Counter Trading: Securities and other derivative instruments that may be purchased or sold by the Fund are expected to regularly consist of instruments not traded on an exchange. The risk of non-performance by the obligor on such an instrument may be greater, and the ease with which the Fund can dispose of or enter into closing transactions with respect to such an instrument may be less than in the case of an exchange-traded instrument. In addition, significant disparities may exist between bid and ask prices for derivative instruments that are not traded on an exchange. Derivative instruments not traded on exchanges are also not subject to the same type of government regulation as exchange traded instruments, and many of the protections afforded to participants in a regulated environment may not be available in connection with such transactions.

5. Restricted Securities: The Fund may invest in unregistered or otherwise restricted securities. The term restricted securities refers to securities that are unregistered or are held by control persons of the issuer and securities that are subject to contractual restrictions on their resale. As a result, restricted securities may be more difficult to value and the Fund may have difficulty disposing of such assets either in a timely manner or for a reasonable price. In order to dispose of an unregistered security, the Fund, where it has contractual rights to do so, may have to cause such

security to be registered. A considerable period may elapse between the time the decision is made to sell the security and the time the security is registered so that the Fund could sell it. Contractual restrictions on the resale of securities vary in length and scope and are generally the result of a negotiation between the issuer and acquiror of the securities. The Fund would, in either case, bear market risks during that period.

6. New Accounting Pronouncements: In September 2006, Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* (SFAS 157), was issued and is effective for fiscal years beginning after November 15, 2007. SFAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. Management is currently evaluating the impact the adoption of SFAS 157 will have on the Fund's financial statement disclosures.

In February 2007, the FASB issued Statement of Financial Accounting Standards No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities* including an amendment of FASB Statement No. 115 (SFAS 159),

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which is effective for fiscal years beginning after November 15, 2007. SFAS 159 permits entities to elect to measure certain financial assets and liabilities at fair value. The fair value option may be applied instrument by instrument, is irrevocable and is applied only to entire instruments and not to portions of instruments. SFAS 159 also establishes presentation and disclosure requirements designed to facilitate comparisons between entities that choose different measurement attributes for similar types of assets and liabilities. Management is currently evaluating the impact the adoption of SFAS 159 will have on the Fund's financial statement disclosures.

7. **Other:** Security transactions are accounted for on the date the securities are purchased or sold. Investments in new Indian securities are made by making applications in the public offerings. The issue price, or a portion thereof, is paid at the time of application and reflected as share application money on the Statement of Assets and Liabilities. Upon allotment of the securities, this amount plus any remaining amount of issue price is recorded as cost of investments. Realized gains and losses on the sale of investment securities are determined on the specific identified cost basis. Interest income is recognized on an accrual basis. Dividend income and distributions are recorded on the ex-dividend date (except certain dividends which may be recorded as soon as the Fund is informed of such dividends) net of applicable withholding taxes, if any.

B. Investment Advisory Fees: Morgan Stanley Investment Management Inc. (the Adviser or MS Investment Management) provides investment advisory services to the Fund under the terms of an Investment Advisory and Management Agreement (the Agreement). Under the Agreement, the Adviser is paid a fee computed weekly and payable monthly at an annual rate of 1.10% of the Fund's average weekly net assets.

C. Administration Fees: MS Investment Management also serves as Administrator to the Fund pursuant to an Administration Agreement. Under the Administration Agreement, the administration fee is 0.08% of the Fund's average daily net assets. MS Investment Management has agreed to limit the administration fee so that it will be no greater than the previous administration fee of 0.02435% of the Fund's average weekly net assets plus \$24,000 per annum. This waiver is voluntary and may be terminated at any time. For the six months ended June 30, 2007, \$257,000 of administration fees were waived pursuant to this arrangement. Under a sub-administration agreement between the Administrator and JPMorgan Investor Services Co. (JPMIS), a corporate affiliate of JPMorgan Chase Bank, N.A., JPMIS provides certain administrative services to the Fund. For such services, the Administrator pays JPMIS a portion of the fee the Administrator receives from the Fund. An employee of JPMIS is an officer of the Fund. Administration costs (including out-of-pocket expenses) incurred in the ordinary course of providing services under the administration agreement, except pricing services and extraordinary expenses, are covered under the administration fee.

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Multiconsult, Ltd., whose registered office is in Mauritius, provides sub-administrative services to the Fund, including maintaining certain Fund records and preparing certain periodic filings, under an agreement whereby Multiconsult is paid a fee of \$22,000 per annum.

D. Custodian Fees: JPMorgan Chase Bank, N.A. (the Custodian) serves as Custodian for the Fund. The Custodian holds cash, securities, and other assets of the Fund as required by the 1940 Act. Custody fees are payable monthly based on assets held in custody, investment purchases and sales activity and account maintenance fees, plus reimbursement for certain out-of-pocket expenses.

The Fund has entered into an arrangement with its Custodian whereby credits realized on uninvested cash balances were used to offset a portion of the Fund's expenses. These custodian credits are shown as Expense Offset on the Statement of Operations.

E. Directors Fees and Expenses: The Fund pays each of its Mauritian Independent Directors an annual fee of \$7,500 and all other Independent Directors an annual fee of \$5,000. Additionally, each Mauritian Independent Director is paid a fee of \$750 for each Board Meeting attended.

F. Federal Income Taxes: It is the Fund's intention to continue to qualify as a regulated investment company and distribute all its taxable income. Accordingly, no provision for Federal income taxes is required in the financial statements.

Effective October 1, 2004 there is no capital gains tax in India for long-term investments and the rate of capital gains tax for short-term investments is 10.455% for transactions conducted through a recognized stock exchange (the capital gains rates were 10.455% for long-term investments and 31.365% for short-term investments for the financial year April 1, 2004 to March 31, 2005). The Fund invests in India through a registered branch office established in Mauritius and, as a result, obtains the benefits under the double taxation treaty between Mauritius