

MORGAN STANLEY INDIA INVESTMENT FUND, INC.
Form N-CSRS
September 08, 2006

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)

1221 Avenue of the Americas 5th Floor New York, NY
(Address of principal executive offices)

10020
(Zip code)

Ronald E. Robison

1221 Avenue of the Americas, 5th Floor New York, New York 10020
(Name and address of agent for service)

Registrant's telephone number, including area code: 1-800-221-6726

Date of fiscal year 12/31
end:

Date of reporting period: 6/30/06

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:

2006 Semi-Annual Report

June 30, 2006

**Morgan Stanley
India Investment Fund, Inc.**

**Morgan Stanley
Investment Management Inc.
Investment Adviser**

Morgan Stanley India Investment Fund, Inc.

Letter to Stockholders

Overview (unaudited)

Performance

For the six months ended June 30, 2006, the Morgan Stanley India Investment Fund, Inc. (the Fund) had total returns, based on net asset value and market price per share, of 3.46%, net of fees and 17.78%, respectively, compared to 5.63% for the U.S. dollar adjusted Bombay Stock Exchange (BSE) National Index (the Index). On June 30, 2006, the closing price of the Fund s shares on the New York Stock Exchange was \$43.59, representing a 13.9% premium to the Fund s net asset value per share.

Factors Affecting Performance

It is tempting to believe that despite all the violence in May and June this year, little has changed to disturb the long-term uptrend in emerging markets such as India. After all, the end of any major bull market is typically marked by far greater sociological excesses, much higher valuations, substantial balance sheet damages and a rapid pick-up in inflation.

Our base-case is that for emerging markets at least, this could be 1994 redux. Led by the U.S. Federal Reserve, central banks back then raised interest rates sharply and ended a protracted period of easy money. At the end of that year, asset classes with strong underlying fundamentals (i.e. the U.S. market) were left standing while the liquidity hothouses (i.e. emerging markets) never quite recovered. If emerging markets is the asset class of choice this decade helped by well-documented underlying economic and political changes we believe these markets are likely to resume their long-term uptrend once the monetary adjustment is over.

Still, even if we are right about the 1994 U.S. experience being the relevant parallel, something has changed and what we are likely to see within emerging markets is a period of greater discrimination this year. Signs of differentiation have indeed begun to surface. As the markets settled down in a range following the bounce from very oversold conditions, countries with weaker macro-economic fundamentals were finding it harder to get off the ground while some markets were well above their June lows.

The Fund s underweight in the energy sector detracted from performance during the six month period. An underweight in the financials sector contributed positively to performance.

Management Strategies

India has performed in-line with the average emerging market during the reporting period despite all the noise related to high valuations, as investors seemed to be finding enough quality stocks in this market. In the first month of the sell-off, quality hardly mattered as a differentiating factor, as many stocks with a steady earnings stream fell to the same extent as cyclical stocks. It appeared that the only operating rule in the global financial marketplace in all the violence was: sell down the most what went up the most. As a result, a few stocks in our portfolio faced the brunt of the sell-off after substantially outperforming the market over the past few years. Our strategy has been to use the sell-off to somewhat rebalance the portfolio by buying quality stocks that suffered collateral damage and selling down some cyclical stocks that might be potentially affected by a mid-cycle slowdown.

Beyond the typical mid-cycle correction, the more important long-term challenge is for growth in India to hold up relatively well following the liquidity withdrawal. That will then go a long way in supporting the structural bull case for India, as it would demonstrate that the robust economic performance of the past three years was more than just a liquidity-driven cyclical phenomenon.

Sincerely,

Ronald E. Robison

President and Director

July 2006

**Investment Advisory
Agreement Approval**

Morgan Stanley India Investment Fund, Inc.

June 30, 2006 (unaudited)

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, 2005, 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.

**Investment Advisory
Agreement Approval (cont d)**

Morgan Stanley India Investment Fund, Inc.

June 30, 2006 (unaudited)

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.

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 also considered that an affiliate of the Adviser sold a joint venture that owned an electronic trading system network (ECN), which may be used by the Adviser for trading on behalf of the Fund. As part of the sale of the joint venture, the affiliate receives a 10-year payout based on the revenue stream from trading on the ECN. Although the affiliate disgorges the portion of the payout that is comprised of commissions received from trades executed by the Adviser on the ECN to a charitable organization, the Board considered the fact that trades by the Adviser would increase order flow, and, thus, result in a potential fall-out benefit to the affiliate. The Board concluded that the commissions were competitive with those of other broker-dealers, the float benefits were relatively small, the affiliate disgorged revenues in connection with the ECN-related revenue and the potential fall-out benefit from increased order flow was 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 Adviser informed the Board that it does not use Fund commissions to pay for third party research. It does use commissions to pay for research which is bundled with execution services. 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 noted that the Adviser's operations remain profitable, although increased expenses in recent years have reduced the Adviser's profitability. 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

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.

Morgan Stanley India Investment Fund, Inc.

Portfolio of Investments

June 30, 2006 (unaudited)

	Shares	Value (000)
COMMON STOCKS (96.1%)		
(Unless Otherwise Noted)		
Airlines (0.2%)		
Jet Airways India Ltd.	141,992 \$	1,819
Auto Components (2.0%)		
Apollo Tyres Ltd.	(a)1,875	9
Balkrishna Industries Ltd.	500,170	6,298
Patheja Forgings & Auto Ltd.	(a)(b)(d)450,000	@
Rico Auto Industries Ltd.	(a)5,871,380	9,080
		15,387
Automobiles (3.7%)		
Hero Honda Motors Ltd.	460,832	7,944
Mahindra & Mahindra Ltd.	1,497,000	20,218
		28,162
Chemicals (1.5%)		
Gujarat Fluorochemicals	803,280	6,540
ICI (India) Ltd.	25,000	156
SRF Ltd.	(a)1,096,000	4,814
		11,510
Commercial Banks (10.1%)		
HDFC Bank Ltd.	1,448,269	25,038
HDFC Bank Ltd. ADR	135,300	7,381
ICICI Bank Ltd.	878,193	9,415
Punjab National Bank	1,552,658	11,546
State Bank of India Ltd.	556,016	10,298
UTI Bank Ltd.	2,247,000	13,077
		76,755
Construction & Engineering (5.1%)		
Gammon India Ltd.	(a)1,850,395	13,954
Hindustan Construction Co., Ltd.	9,639,800	24,581
		38,535
Construction Materials (4.6%)		
Associated Cement Co., Ltd.	1,185,000	20,178
Gujarat Ambuja Cements Ltd.	3,551,000	7,670
Shree Cement Ltd.	424,370	7,162
		35,010
Diversified Telecommunication Services (1.6%)		
Bharti Airtel Ltd.	(a)1,517,282	12,194
Electric Utilities (1.7%)		
NTPC Ltd.	5,513,000	13,280
Electrical Equipment (15.9%)		
ABB Ltd.	735,691	39,979
Bharat Heavy Electricals Ltd.	1,830,664	77,515
Emco Ltd. GDR	350,000	3,257
		120,751
Energy Equipment & Services (1.8%)		
Aban Loyd Chiles Offshore Ltd.	651,135	13,792
Food Products (1.0%)		
Bajaj Hindustan Ltd.	925,000	7,888
Gas Utilities (0.7%)		
Indraprastha Gas Ltd.	2,091,927	5,046

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Hotels, Restaurants & Leisure (2.6%)		
Hotel Leela Venture Ltd.	2,287,293	13,163
Inox Leisure Ltd.	(a)2,339,000	6,414
		19,577
Household Products (5.6%)		
Hindustan Lever Ltd.	8,581,445	42,693
Industrial Conglomerates (6.4%)		
Siemens India Ltd.	2,533,320	48,815
Information Technology Services (9.7%)		
HCL Technologies Ltd.	1,699,295	18,626
Infosys Technologies Ltd.	488,900	32,696
SSI Ltd.	(a)(b)(d)1,476,000	3,777
Wipro Ltd.	(a)1,427,182	15,913
Wipro Ltd. ADR	235,860	3,026
		74,038
Internet Software & Services (0.0%)		
A & M Communications	(b)(d)6,311	60
Leisure Equipment & Products (0.9%)		
Jyoti Structures Ltd.	(b)(d)907,000	6,464
Media (0.4%)		
New Delhi Television Ltd.	833,250	3,147
Metals & Mining (0.8%)		
Hindalco Industries Ltd.	(a)1,501,000	5,722
Multiline Retail (1.3%)		
Pantaloon Retail India Ltd.	290,500	10,139
Oil, Gas & Consumable Fuels (0.9%)		
Indian Oil Corp., Ltd.	765,000	6,644
Personal Products (1.3%)		
Marico Ltd.	997,070	9,543

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

Morgan Stanley India Investment Fund, Inc.

Portfolio of Investments (cont d)

June 30, 2006 (unaudited)

	Shares	Value (000)
Pharmaceuticals (5.3%)		
Aventis Pharma Ltd.	364,000 \$	11,540
Cipla Ltd.	4,182,275	19,622
Glenmark Pharmaceuticals Ltd.	1,436,872	9,414
		40,576
Road & Rail (1.8%)		
Container Corp. of India Ltd.	434,251	13,581
Software (0.8%)		
Geodesic Information Systems Ltd.	(b)(d)2,037,971	6,167
Textiles, Apparel & Luxury Goods (0.7%)		
Himatsingka Seide Ltd.	2,515,722	5,090
Thriffs & Mortgage Finance (2.7%)		
Housing Development Finance Corp., Ltd.	843,355	20,879
Tobacco (5.0%)		
ITC Ltd.	9,598,000	38,025
TOTAL COMMON STOCKS		
(Cost \$459,399)		731,289
	Face Amount (000)	
SHORT-TERM INVESTMENTS (3.0%)		
Repurchase Agreement (1.9%)		
J.P. Morgan Securities, Inc., 5.10%, dated 6/30/06, due 7/3/06, repurchase price \$14,106	\$ (c)14,100	14,100
Sovereign (1.1%)		
Indian Government Treasury Bill, Zero Coupon, 9/1/06	INR 400,000	8,598
TOTAL SHORT-TERM INVESTMENTS		
(Cost \$22,648)		22,698
TOTAL INVESTMENTS (99.1%)		
(Cost \$482,047)		753,987
OTHER ASSETS IN EXCESS OF LIABILITIES (0.9%)		6,975
NET ASSETS (100%)	\$	760,962

- (a) Non-income producing security.
- (b) Securities valued at fair value At June 30, 2006, the Fund held \$16,468,000 of fair valued securities, representing 2.2% of net assets.
- (c) Represents the Fund's undivided interest in a joint repurchase agreement which has a total value of \$795,972,000. The repurchase agreement was fully collateralized by U.S. government agency securities at the date of this Portfolio of Investments as follows: Federal Home Loan Mortgage Corp., 2.38% to 6.75%, due 7/15/06 to 3/15/31; Federal National Mortgage Association, 2.38% to 7.13%, due 7/15/06 to 1/15/30; Tennessee Valley Authority, 7.13%, due 5/1/30, which had a total value of \$811,894,892. The investment in the repurchase agreement is through participation in a joint account with affiliated parties pursuant to exemptive relief received by the Fund from the SEC.
- (d) Security has been deemed illiquid At June 30, 2006
- @ Face Amount/Value is less than \$500.
- ADR American Depositary Receipt
- GDR Global Depositary Receipt
- INR Indian Rupee

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, 2006 (unaudited) (000)
Assets:	
Investments, at Value (Cost \$482,047)	\$ 753,987
Cash	30
Receivable for Investments Sold	13,172
Dividend Receivable	1,281
Foreign Currency, at Value (Cost \$613)	622
Tax Reclaim Receivable	223
Interest Receivable	2
Other Assets	17
Total Assets	769,334
Liabilities:	
Payable For:	
Dividends Declared	6,976
Investment Advisory Fees	674
Custodian Fees	367
Directors Fees and Expenses	111
Administration Fees	17
Other Liabilities	227
Total Liabilities	8,372
Net Assets	
Applicable to 19,891,346, Issued and Outstanding \$0.01 Par Value Shares (100,000,000 Shares Authorized)	\$ 760,962
Net Asset Value Per Share	\$ 38.26
Net Assets Consist of:	
Common Stock	\$ 199
Paid-in Capital	430,359
Undistributed (Distributions in Excess of) Net Investment Income	(5,550)
Accumulated Net Realized Gain (Loss)	64,293
Unrealized Appreciation (Depreciation) on Investments and Foreign Currency Translations	271,661
Net Assets	\$ 760,962

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, 2006 (unaudited) (000)
Investment Income	
Dividends	\$ 4,969
Interest	788
Total Investment Income	5,757
Expenses	
Investment Advisory Fees (Note B)	4,691
Custodian Fees (Note D)	744
Administration Fees (Note C)	352
Professional Fees	99
Country Tax Expense	57
Directors Fees and Expenses (Note E)	51
Stockholder Reporting Expenses	23
Stockholder Servicing Agent Fees	14
Other Expenses	50
Total Expenses	6,081
Waiver of Administration Fees (Note C)	(226)
Expense Offset (Note D)	@
Net Expenses	5,855
Net Investment Income (Loss)	(98)
Net Realized Gain (Loss) on:	
Investments	66,017
Foreign Currency Transactions	(767)
Net Realized Gain (Loss)	65,250
Change in Unrealized Appreciation (Depreciation) on:	
Investments	(40,032)
Foreign Currency Translations	135
Change in Unrealized Appreciation (Depreciation)	(39,897)
Total Net Realized Gain (Loss) and Change in Unrealized Appreciation (Depreciation)	25,353
Net Increase (Decrease) in Net Assets Resulting from Operations	\$ 25,255

@ Amount is less than \$500.

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, 2006 (unaudited) (000)	Year Ended December 31, 2005 (000)
Increase (Decrease) in Net Assets		
Operations:		
Net Investment Income (Loss)	\$ (98)	\$ 915
Net Realized Gain (Loss)	65,250	74,515
Change in Unrealized Appreciation (Depreciation)	(39,897)	123,449
Net Increase (Decrease) in Net Assets Resulting from Operations	25,255	198,879
Distributions from and/or in Excess of:		
Net Investment Income		(5,360)
Net Realized Gain	(6,976)	(70,740)
Total Distributions	(6,976)	(76,100)
Capital Share Transactions:		
Reinvestment of Distributions (67,931 and 6,403 Shares, respectively)	2,716	200
Common Stock Issued Through Rights Offering (3,818,422 Shares in 2005, Net of Expenses of \$350,000)		151,623
Additional Expenses Incurred from the 2005 Rights Offering	(83)	
Net Increase (Decrease) in Net Assets Resulting from Capital Share Transactions	2,633	151,823
Total Increase (Decrease)	20,912	274,602
Net Assets:		
Beginning of Period	740,050	465,448
End of Period (Including Undistributed (Distributions in Excess of) Net Investment Income of \$(5,550) and \$(5,452), respectively)	\$ 760,962	\$ 740,050

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

Morgan Stanley India Investment Fund, Inc.

Financial Statements

Selected Per Share Data and Ratios

	Six Months Ended June 30, 2006 (unaudited)		Year Ended December 31,				
			2005	2004	2003	2002	2001
Net Asset Value, Beginning of Period	\$	37.33	\$ 29.09	\$ 22.95	\$ 11.98	\$ 10.53	\$ 13.92
Net Investment Income (Loss)		(0.00) #	0.06	0.11	0.16	0.03	0.10
Net Realized and Unrealized Gain (Loss) on Investments		1.28	12.18	6.12	11.01	1.39	(2.43)
Total from Investment Operations		1.28	12.24	6.23	11.17	1.42	(2.33)
Distributions from and/or in Excess of:							
Net Investment Income			(0.28)	(0.09)	(0.20)	(0.01)	(0.23)
Net Realized Gain		(0.35)	(3.60)				(0.84)
Total Distributions		(0.35)	(3.88)	(0.09)	(0.20)	(0.01)	(1.07)
Dilutive Effect of Shares issued through Rights Offering and Offering Costs			(0.12)				
Anti-Dilutive Effect of Share Repurchase Program					0.00#	0.04	0.01
Net Asset Value, End of Period	\$	38.26	\$ 37.33	\$ 29.09	\$ 22.95	\$ 11.98	\$ 10.53
Per Share Market Value, End of Period	\$	43.59	\$ 37.35	\$ 30.96	\$ 26.55	\$ 9.94	\$ 8.65
TOTAL INVESTMENT RETURN:							
Market Value		17.78%**	32.57%	17.03%	169.33%	15.07%	(11.68)%
Net Asset Value (1)		3.46%**	41.02%	27.21%	93.15%	13.94%	(14.52)%
RATIOS, SUPPLEMENTAL DATA:							
Net Assets, End of Period (Thousands)	\$	760,962	\$ 740,050	\$ 465,448	\$ 366,984	\$ 192,309	\$ 205,019
Ratio of Expenses to Average Net Assets ⁽²⁾		1.37%*	1.38%	1.40%	1.56%	1.56%	1.77%
Ratio of Net Investment Income (Loss) to Average Net Assets ⁽²⁾		(0.02)%*	0.17%	0.57%	1.10%	0.28%	0.60%
Portfolio Turnover Rate		16%**	32%	52%	36%	23%	56%
(2) Supplemental Information on the Ratios to Average Net Assets:							
Ratios Before Expenses Waived by Administrator:							
Ratio of Expenses to Average Net Assets		1.43%*	1.43%	1.41%	N/A	N/A	N/A
Ratio of Net Investment Income (Loss) to Average Net Assets		(0.08)%*	0.12%	0.56%	N/A	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.

Notes to Financial Statements

June 30, 2006 (unaudited)

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.

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.

Morgan Stanley India Investment Fund, Inc.

Notes to Financial Statements (cont d)

June 30, 2006 (unaudited)

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 notes. 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.

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 securities or other high grade liquid investments deposited with brokers or custodians as initial margin) are valued based upon their quoted daily

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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 the contract was entered into and the value at closing is recorded as a realized gain or loss in the Statements of Operations. Due from (to) broker includes both initial margin and variation margin, as stated in the Statements of Assets and Liabilities.

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 Statements of Assets and Liabilities. Risks arise from the possible movements in security values underlying these instruments. The change in value of

Morgan Stanley India Investment Fund, Inc.

Notes to Financial Statements (cont d)

June 30, 2006 (unaudited)

futures contracts primarily corresponds with the value of their underlying instruments, which may not correlate with the change in value of hedged investments.

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 Adviser 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. **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

Morgan Stanley India Investment Fund, Inc.

Notes to Financial Statements (cont d)

June 30, 2006 (unaudited)

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 weekly 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, 2006, \$226,000 of administration fees were waived pursuant to this arrangement. Under a sub-administration agreement between the Administrator and J.P. Morgan 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 agreement, except pricing services and extraordinary expenses, will be covered under the administration fee.

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 and India (Treaty). To obtain benefits under the Treaty, the Fund must meet certain tests and conditions, including the establishment of Mauritius tax residence and related requirements. The Fund has obtained a tax residence certification from the Mauritian authorities and believes such certification is determinative of its resident status for Treaty purposes. A fund which is a tax resident in Mauritius under the Treaty but has no branch or permanent establishment in India will not be subject to capital gains tax in India on the sale of securities, but is subject to a 15% (under Article 10 of the India-Mauritius tax treaty) withholding tax on dividends declared, distributed or paid by an Indian company prior to June 1, 1997 and for the period from April 1, 2002 through March 31, 2003. During the period June 1, 1997 through March 31, 2002 and after April 1, 2003, dividend income from Indian companies was exempt from Indian income tax. The Fund currently is subject to and accrues Indian withholding tax on interest earned on Indian securities at 20.91%. The Treaty benefits accorded to foreign investors were challenged by a non-governmental organization and the matter was litigated before India's Supreme Court (the highest court in India). In October 2003, India's Supreme Court upheld the validity of Treaty benefits accorded to foreign investors on the basis of a certificate of residence issued by Mauritian authorities (such as the one obtained by the Fund).

The tax character of distributions paid may differ from the character of distributions shown on the Statements of Changes

Morgan Stanley India Investment Fund, Inc.

Notes to Financial Statements (cont d)

June 30, 2006 (unaudited)

in Net Assets due to short-term capital gains being treated as ordinary income for tax purposes. The tax character of distributions paid during 2005 and 2004 were as follows:

2005 Distributions		2004 Distributions	
Paid From:		Paid From:	
(000)		(000)	
Ordinary Income	Long-term Capital Gain	Ordinary Income	Long-term Capital Gain
\$ 11,859	\$ 64,241	\$ 1,464	\$

The amount and character of income and capital gain distributions to be paid by the Fund are determined in accordance with Federal income tax regulations, which may differ from U.S. generally accepted accounting principles. These book/tax differences are considered either temporary or permanent in nature.

Temporary differences are generally due to differing book and tax treatments for the timing of the recognition of gains and losses on certain investment transactions and the timing of the deductibility of certain expenses.

Permanent differences, primarily due to differing treatments of gains and losses related to foreign currency transactions, distribution reclasses and certain equity securities designated as issued by passive foreign investment companies, resulted in the following reclassifications among the components of net assets at December 31, 2005:

Increase (Decrease)			
Accumulated Undistributed (Distributions in Excess of) Net Investment Income (Loss) (000)	Accumulated Net Realized Gain (Loss) (000)	Paid-in Capital (000)	
\$ (1,059)	\$ 1,059	\$	

At December 31, 2005, the components of distributable earnings on a tax basis were as follows:

Undistributed Ordinary Income (000)	Undistributed Long-term Capital Gain (000)
\$	\$ 6,975

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At June 30, 2006 the U.S. Federal income tax cost basis of investments was \$482,047,000 and, accordingly, net unrealized appreciation for U.S. Federal income tax purposes was \$271,940,000 of which \$306,858,000 related to appreciated securities and \$34,918,000 related to depreciated securities.

Net capital, currency, and passive foreign investment company losses incurred after October 31, and within the taxable year are deemed to arise on the first day of the Fund's next taxable year. For the year ended December 31, 2005, the Fund deferred to January 3, 2006, for U.S. Federal income tax purposes, post- October currency losses of \$88,000.

G. Contractual Obligations: The Fund enters into contracts that contain a variety of indemnifications. The Fund's maximum exposure under these arrangements is unknown. However, the Fund has not had prior claims or losses pursuant to these contracts and expects the risk of loss to be remote.

H. Other: During the six months ended June 30, 2006, the Fund made purchases and sales totaling \$127,112,000 and \$136,573,000 respectively, of investment securities other than long-term U.S. Government securities and short-term investments. There were no purchases or sales of long-term U.S. Government securities.

During the six months ended June 30, 2006, the Fund incurred \$46,371 of brokerage commissions to Morgan Stanley & Co. Incorporated, an affiliated broker/dealer.

Future economic and political developments in India could adversely affect the liquidity or value, or both, of securities in which the Fund is invested. In addition, the Fund's ability to hedge its currency risk is limited and accordingly, the Fund may be exposed to currency devaluation and other exchange rate fluctuations.

On August 10, 1998, the Fund commenced a share repurchase program for purposes of enhancing stockholder value and reducing the discount at which the Fund's shares trade from their net asset value. During the six months ended June 30, 2006, the Fund did not repurchase any of its shares. Since the inception of the program, the Fund has repurchased 8,450,681 of its shares at an average discount of 30.06% from net asset value per share. The Fund expects to continue to repurchase its outstanding shares at such time and in such amounts as it believes will further the accomplishment of the foregoing objectives, subject to review by the Directors.

On November 17, 2005, the Fund commenced a rights offering and issued to stockholders as of November 17, 2005 one right for each share of common stock held. The rights were not transferable and, consequently, were not listed on any exchange. The rights entitled holders to subscribe for an aggregate of 5,335,000 shares of the Fund's common stock. In addition, the Fund had the option of issuing additional shares in an amount up to 25% of the shares that were available in the primary

Morgan Stanley India Investment Fund, Inc.

Notes to Financial Statements (cont d)

June 30, 2006 (unaudited)

offering, or 1,333,750 shares, for an aggregate total of 6,668,750 shares. The offer expired on December 12, 2005. The Fund sold 3,818,422 shares at the subscription price per share of \$39.80 (representing the Fund's net asset value per share on the expiration date of the offer). The total proceeds of the rights offering were \$151,973,196 and the Fund incurred costs estimated at \$433,000.

On June 20, 2006 the Officers of the Fund, pursuant to authority granted by the Directors declared a distribution of \$0.3507 per share, derived from capital gains payable on July 14, 2006 to stockholders of record on June 30, 2006.

Reporting to Stockholders

The Fund provides a complete schedule of portfolio holdings in its semi-annual and annual reports within 60 days of the end of the Fund's second and fourth fiscal quarters. The semi-annual reports and the annual reports are filed electronically with the Securities and Exchange Commission (SEC) on Form N-CSRS and Form N-CSR, respectively. Morgan Stanley also delivers the semi-annual and annual reports to Fund stockholders and makes these reports available on its public website, www.morganstanley.com. Each Morgan Stanley fund also files a complete schedule of portfolio holdings with the SEC for the Fund's first and third fiscal quarters on Form N-Q. Morgan Stanley does not deliver the reports for the first and third fiscal quarters to stockholders, nor are the reports posted to the Morgan Stanley public website. You may, however, obtain the Form N-Q filings (as well as the Form N-CSR and N-CSRS filings) by accessing the SEC's website, <http://www.sec.gov>. You may also review and copy them at the SEC's public reference room in Washington, DC. Information on the operation of the SEC's Public Reference Room may be obtained by calling the SEC at 1(800) SEC- 0330. You can also request copies of these materials, upon payment of a duplicating fee, by electronic request at the SEC's email address (publicinfo@sec.gov) or by writing the public reference section of the SEC, Washington, DC 20549-0102.

Proxy Voting Policy and Procedures and Proxy Voting Record

A copy of (1) the Fund's policies and procedures with respect to the voting of proxies relating to the Fund's portfolio securities; and (2) how the Fund voted proxies relating to portfolio securities during the most recent twelve-month period ended June 30, is available without charge, upon request, by calling 1 (800) 548-7786 or by visiting our website at www.morganstanley.com/im. This information is also available on the Securities and Exchange Commission's website at www.sec.gov.

Morgan Stanley India Investment Fund, Inc.

Dividend Reinvestment and Cash Purchase Plan

Pursuant to the Dividend Reinvestment and Cash Purchase Plan (the Plan), each stockholder will be deemed to have elected, unless American Stock Transfer & Trust Company (the Plan Agent) is otherwise instructed by the stockholder in writing, to have all distributions automatically reinvested in Fund shares. Participants in the Plan have the option of making additional voluntary cash payments to the Plan Agent, annually, in any amount from \$100 to \$3,000, for investment in Fund shares.

Dividend and capital gain distributions will be reinvested on the reinvestment date in full and fractional shares. If the market price per share equals or exceeds net asset value per share on the reinvestment date, the Fund will issue shares to participants at net asset value or, if net asset value is less than 95% of the market price on the reinvestment date, shares will be issued at 95% of the market price. If net asset value exceeds the market price on the reinvestment date, participants will receive shares valued at market price. The Fund may purchase shares of its Common Stock in the open market in connection with dividend reinvestment requirements at the discretion of the Board of Directors. Should the Fund declare a dividend or capital gain distribution payable only in cash, the Plan Agent will purchase Fund shares for participants in the open market as agent for the participants.

The Plan Agent's fees for the reinvestment of dividends and distributions will be paid by the Fund. However, each participant's account will be charged a pro rata share of brokerage commissions incurred on any open market purchases effected on such participant's behalf. A participant will also pay brokerage commissions incurred on purchases made by voluntary cash payments. Although stockholders in the Plan may receive no cash distributions, participation in the Plan will not relieve participants of any income tax which may be payable on such dividends or distributions.

In the case of stockholders, such as banks, brokers or nominees, that hold shares for others who are the beneficial owners, the Plan Agent will administer the Plan on the basis of the number of shares certified from time to time by the stockholder as representing the total amount registered in the stockholder's name and held for the account of beneficial owners who are participating in the Plan.

Stockholders who do not wish to have distributions automatically reinvested should notify the Plan Agent in writing. There is no penalty for non-participation or withdrawal from the Plan, and stockholders who have previously withdrawn from the Plan may rejoin at any time. Requests for additional information or any correspondence concerning the Plan should be directed to the Plan Agent at:

Morgan Stanley India Investment Fund, Inc.

American Stock Transfer & Trust Company

Dividend Reinvestment and Cash Purchase Plan

59 Maiden Lane

New York, New York 10038

1 (800) 278-4353

Morgan Stanley India Investment Fund, Inc.

Directors

Gaetan Bouic

Joseph J. Kearns

Ravindranath Santosh

Kumar Hazareesing

Marie Joseph Raymond

Lamusse

Fergus Reid

Ronald E. Robison

President and Director

Officers

Amy R. Doberman

Vice President

Stefanie V. Chang Yu

Vice President

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James W. Garrett

Treasurer and Chief

Financial Officer

Carsten Otto

Chief Compliance Officer

Michael J. Leary

Assistant Treasurer

Mary E. Mullin

Secretary

Investment Adviser and Administrator

Morgan Stanley Investment Management Inc.

1221 Avenue of the Americas

New York, New York 10020

Custodian

JPMorgan Chase Bank, N.A.

270 Park Avenue

New York, New York 10017

Stockholder Servicing Agent

American Stock Transfer & Trust Company

59 Maiden Lane

New York, New York 10038

1 (800) 278-4353

Legal Counsel

Clifford Chance US LLP

31 West 52nd Street

New York, New York 10019

Independent Registered Public Accounting Firm

Ernst & Young LLP

200 Clarendon Street

Boston, Massachusetts 02116

For additional Fund information, including the Fund's net asset value per share and information regarding the investments comprising the Fund's portfolio, please call 1(800) 221-6726 or visit our website at www.morganstanley.com/im.

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IS06-00690I-Y06/06

Item 2. Code of Ethics.

Not applicable for semiannual reports.

Item 3. Audit Committee Financial Expert.

Not applicable for semiannual reports.

Item 4. Principal Accountant Fees and Services

Not applicable for semiannual reports.

Item 5. Audit Committee of Listed Registrants.

Not applicable for semiannual reports.

Item 6. Schedule of Investments

Refer to Item 1.

Item 7. Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment Companies.

Not applicable for semiannual reports.

Item 8. Portfolio Managers of Closed-End Management Investment Companies

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Applicable to annual reports filed by closed-end funds.

Item 9. Closed-End Fund Repurchases

Not applicable.

Item 10. Submission of Matters to a Vote of Security Holders

Not applicable.

Item 11. Controls and Procedures

(a) The Fund's principal executive officer and principal financial officer have concluded that the Fund's disclosure controls and procedures are sufficient to ensure that information required to be disclosed by the Fund in this Form N-CSR was recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, based upon such officers' evaluation of these controls and procedures as of a date within 90 days of the filing date of the report.

(b) There were no changes in the registrant's internal control over financial reporting that occurred during the second fiscal quarter of the period that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 12. Exhibits

(a) Code of Ethics - Not applicable for semiannual reports.

(b) A separate certification for each principal executive officer and principal financial officer of the registrant are attached hereto as part of EX-99.CERT.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

(Registrant) Morgan Stanley India Investment Fund, Inc.

By: /s/ Ronald E. Robison
Name: Ronald E. Robison
Title: Principal Executive Officer
Date: August 10, 2006

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ Ronald E. Robison
Name: Ronald E. Robison
Title: Principal Executive Officer
Date: August 10, 2006

By: /s/ James W. Garrett
Name: James W. Garrett
Title: Principal Financial Officer
Date: August 10, 2006
