

MORGAN STANLEY INDIA INVESTMENT FUND, INC.  
Form N-CSR  
March 12, 2012

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, New York  
(Address of principal executive offices)

10036  
(Zip code)

Arthur Lev

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

Registrant's telephone number, including area code: 212-296-6990

Date of fiscal year end: December 31, 2011

Date of reporting period: December 31, 2011

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Item 1 - Report to Shareholders

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Morgan Stanley India Investment Fund, Inc.

**Directors**

M.J. Marcel Vivian  
Descroizilles

Joseph J. Kearns

Ravindranath Santosh  
Kumar Hazareesing

Mamode Izam Nathadkhan

Fergus Reid

Arthur Lev

*Director, President and  
Principal Executive Officer*

**Officers**

Stefanie V. Chang Yu

*Vice President*

Francis J. Smith

*Treasurer and Principal  
Financial Officer*

Mary Ann Picciotto

*Chief Compliance Officer*

Mary E. Mullin

*Secretary*

**Investment Adviser and Administrator**

Morgan Stanley Investment Management Inc.

522 Fifth Avenue

New York, New York 10036

**Custodian**

State Street Bank and Trust Company

One Lincoln Street

Boston, Massachusetts 02111

**Stockholder Servicing Agent**

Computershare Trust Company, N.A.

250 Royall Street

Canton, Massachusetts 02021

**Legal Counsel**

Dechert LLP

1095 Avenue of the Americas

New York, New York 10036

**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 toll free 1(800) 231-2608 or visit our website at [www.morganstanley.com/im](http://www.morganstanley.com/im). All investments involve risks, including the possible loss of principal.

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IU12-00336P-Y12/11

INVESTMENT MANAGEMENT

Morgan Stanley

India Investment Fund, Inc.

(IIF)

Morgan Stanley

Investment Management Inc.

Investment Adviser

**Annual  
Report**

December 31, 2011

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Morgan Stanley India Investment Fund, Inc.

December 31, 2011

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Morgan Stanley India Investment Fund, Inc.

Overview

Letter to Stockholders (unaudited)

## Performance

For the year ended December 31, 2011, the Morgan Stanley India Investment Fund, Inc. (the "Fund") had total returns of -39.88%, based on net asset value, and -42.46% based on market value per share (including reinvestment of distributions), compared to its benchmark, the U.S. dollar adjusted Bombay Stock Exchange (BSE) 100 Index, which returned -37.47%. On December 31, 2011, the closing price of the Fund's shares on the New York Stock Exchange was \$14.01, representing a 10.6% discount to the Fund's net asset value per share. Past performance is no guarantee of future results.

## Factors Affecting Performance

- The Fund underperformed the Index over the 12-month period ending December 31, 2011. Overall, sector allocation was a positive contributor to relative performance while stock selection detracted from performance.
- From a top-down angle, the Fund's overweight exposure to the consumer staples, and health care sectors, together with an underweight exposure to financials and energy sectors, were positive contributors to relative performance. Cash in the portfolio was also a contributor as the Index fell more than 37% over this period. On the other hand, the Fund's overweight bias to the industrials and information technology sectors and underweight position in the telecommunication services sector detracted from performance.
- At the stock level, active positions in financials and information technology stocks had contributed to relative performance but this was not sufficient to offset negative selection from active weights in consumer discretionary, industrials, health care, and materials stocks.

## Management Strategies

- India was one of the worst-performing equity markets in 2011. A confluence of several factors led to what one could call a perfect storm – persistently high inflation led to one of the longest and steepest monetary tightening cycles in the region, political paralysis caused by a spate of corruption scandals and a weak coalition Union Government could not provide any reform succor. The situation worsened with the global economic environment taking a turn for the worse. India's macro vulnerabilities in the form of twin deficits were highlighted and had a negative impact on capital flows and the currency.
- The one change that we believe is likely to happen in the near term is that inflation is likely to moderate from its elevated levels due to a very good agricultural season that will bring down food prices. Whether it would allow the central bank to aggressively reverse its tightening stance and adopt a pro-growth bias remains to be seen. However, we believe it seems probable that there will be no further tightening at least for the time being.
- In addition, India has some key state elections in the next couple of months that could have a bearing on the coalition mathematics. Reform and policy impasse that plagued all of last year could see some reversal with a favorable outcome in these elections.





Morgan Stanley India Investment Fund, Inc.

Overview

Letter to Stockholders (unaudited) (cont'd)

- Earnings expectations were downgraded all through 2011 and consensus now expects about 10-12% earnings growth for the next fiscal year (ending March 2013) for the broad market. Valuations are now one standard deviation below their long-term averages. We feel that the pace of downward earnings revision should abate from here on.
- From the portfolio positioning standpoint we remain overweight to health care and consumer staples while remaining underweight to energy and financials. We have seen some strength in the Indian markets in the early days of January 2012, primarily from an oversold position with cheap valuations and some positive changes at the margin as mentioned above. We seek some further proof that this trend is establishing itself for us to materially change our portfolio positioning.

Sincerely,

Arthur Lev  
President and Principal Executive Officer January 2012



Morgan Stanley India Investment Fund, Inc.

December 31, 2011

Portfolio of Investments

	Shares	Value (000)
<b>COMMON STOCKS (92.6%)</b>		
<b>Auto Components (0.7%)</b>		
Motherson Sumi Systems Ltd.	999,055	\$ 2,563
<b>Automobiles (6.7%)</b>		
Bajaj Auto Ltd.	198,000	5,933
Mahindra & Mahindra Ltd.	1,097,691	14,093
Tata Motors Ltd.	2,094,161	3,425
		23,451
<b>Chemicals (3.7%)</b>		
Asian Paints Ltd.	137,111	6,693
Coromandel International Ltd.	1,172,200	6,113
		12,806
<b>Commercial Banks (18.4%)</b>		
Bank of Baroda	385,893	4,890
HDFC Bank Ltd.	3,787,845	30,446
ICICI Bank Ltd.	1,024,556	13,209
IndusInd Bank Ltd.	2,509,791	11,026
State Bank of India	157,092	4,789
		64,360
<b>Construction &amp; Engineering (4.2%)</b>		
Engineers India Ltd.	1,215,000	4,712
Gammon India Ltd.	1,940,700	1,580
Larsen & Toubro Ltd.	456,040	8,542
		14,834
<b>Construction Materials (2.1%)</b>		
ACC Ltd.	349,113	7,474
<b>Consumer Finance (0.8%)</b>		
Manappuram Finance Ltd.	3,404,791	2,956
<b>Electric Utilities (0.1%)</b>		
KSK Energy Ventures Ltd. (a)	228,571	160
<b>Electronic Equipment, Instruments &amp; Components (1.4%)</b>		
Redington India Ltd.	3,236,700	4,976
<b>Food Products (2.6%)</b>		
McLeod Russel India Ltd.	1,146,238	4,070
Nestle India Ltd.	62,988	4,857
		8,927
<b>Gas Utilities (3.2%)</b>		
GAIL India Ltd.	853,000	6,162
Indraprastha Gas Ltd.	713,700	5,049
		11,211

	Shares	Value (000)
<b>Household Products (3.6%)</b>		
Hindustan Unilever Ltd.	1,632,655	\$ 12,525
<b>Information Technology Services (10.2%)</b>		
Infosys Ltd.	145,721	7,594
Infosys Technologies Ltd. (a)(b)	6,400	167
Tata Consultancy Services Ltd.	1,088,261	23,785
Wipro Ltd.	535,300	4,019
		35,565
<b>Machinery (3.3%)</b>		
AIA Engineering Ltd.	787,588	4,020
Cummins India Ltd.	630,123	4,156
Thermax Ltd.	439,376	3,255
		11,431
<b>Media (1.0%)</b>		
DB Corp. Ltd.	997,207	3,538
<b>Metals &amp; Mining (5.1%)</b>		
Hindustan Zinc Ltd.	1,647,770	3,714
Jindal Steel & Power Ltd.	857,003	7,313
Tata Steel Ltd.	1,094,417	6,911
		17,938
<b>Oil, Gas &amp; Consumable Fuels (4.8%)</b>		
Coal India Ltd.	503,112	2,848
Oil & Natural Gas Corp. Ltd.	376,000	1,817
Reliance Industries Ltd.	936,391	12,219
		16,884
<b>Pharmaceuticals (8.6%)</b>		
Dr. Reddy's Laboratories Ltd.	548,907	16,310
Glenmark Pharmaceuticals Ltd.	2,499,500	13,817
		30,127
<b>Real Estate Management &amp; Development (1.2%)</b>		
Oberoi Realty Ltd.	1,099,379	4,343
<b>Tobacco (7.2%)</b>		
ITC Ltd.	6,637,643	25,161
<b>Transportation Infrastructure (1.0%)</b>		
Gujarat Pipavav Port Ltd. (a)	3,482,494	3,550
<b>Wireless Telecommunication Services (2.7%)</b>		
Bharti Airtel Ltd.	1,447,551	9,363
<b>TOTAL COMMON STOCKS</b> (Cost \$384,253)		324,143

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

Morgan Stanley India Investment Fund, Inc.

December 31, 2011

Portfolio of Investments (cont'd)

	Shares	Value (000)
<b>SHORT-TERM INVESTMENT (0.3%)</b>		
<b>Investment Company (0.3%)</b>		
Morgan Stanley Institutional Liquidity Funds Money Market Portfolio Institutional Class (See Note F) (Cost \$986)	985,513	\$ 986
<b>TOTAL INVESTMENTS (92.9%)</b> (Cost \$385,239)		325,129
<b>OTHER ASSETS IN EXCESS OF LIABILITIES (7.1%)</b>		24,837
<b>NET ASSETS (100.0%)</b>		\$ 349,966

(a) Non-income producing security.

(b) At December 31, 2011, the Fund held fair valued securities valued at approximately \$167,000, representing 0.05% of net assets. This security has been fair valued as determined in good faith under procedures established by and under the general supervision of the Fund's Directors.

**Fair Value Measurement Information:**

The following is a summary of the inputs used to value the Fund's investments as of December 31, 2011. (See Note A-3 to the financial statements for further information regarding fair value measurement.)

Investment Type	Level 1 Unadjusted quoted prices (000)	Level 2 Other significant observable inputs (000)	Level 3 Significant unobservable inputs (000)	Total (000)
<b>Assets:</b>				
<b>Common Stocks</b>				
Auto				
Components	\$ 2,563	\$	\$	\$ 2,563
Automobiles	23,451			23,451
Chemicals	12,806			12,806
Commercial				
Banks	48,444	15,916		64,360
Construction & Engineering	14,834			14,834

Construction Materials	7,474	7,474
Consumer Finance	2,956	2,956
Electric Utilities	160	160

**Fair Value Measurement Information: (cont'd)**

<b>Investment Type</b>	<b>Level 1</b> Unadjusted quoted prices (000)	<b>Level 2</b> Other significant observable inputs (000)	<b>Level 3</b> Significant unobservable inputs (000)	<b>Total</b> (000)
<b>Assets: (cont'd)</b>				
<b>Common Stocks (cont'd)</b>				
Electronic Equipment, Instruments & Components	\$ 4,976	\$	\$	\$ 4,976
Food Products	8,927			8,927
Gas Utilities	11,211			11,211
Household Products	12,525			12,525
Information Technology Services	35,398		167	35,565
Machinery	11,431			11,431
Media	3,538			3,538
Metals & Mining	17,938			17,938
Oil, Gas & Consumable Fuels	16,884			16,884
Pharmaceuticals	30,127			30,127
Real Estate Management & Development	4,343			4,343
Tobacco	25,161			25,161
Transportation Infrastructure		3,550		3,550
Wireless Telecommunication Services	9,363			9,363
<b>Total Common Stocks</b>	<b>304,510</b>	<b>19,466</b>	<b>167</b>	<b>324,143</b>

**Short-Term  
Investment**

Investment Company	986			986
<b>Total Assets</b>	<b>\$ 305,496</b>	<b>\$ 19,466</b>	<b>\$ 167</b>	<b>\$ 325,129</b>

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



Morgan Stanley India Investment Fund, Inc.

December 31, 2011

Portfolio of Investments (cont'd)

Transfers between investment levels may occur as the markets fluctuate and/or the availability of data used in an investment's valuation changes. The Fund recognizes transfers between the levels as of the end of the period. As of December 31, 2011, the Fund did not have any significant investments transfer between investment levels.

Following is a reconciliation of investments in which significant unobservable inputs (Level 3) were used in determining fair value.

	<b>Common Stocks (000)</b>	
<b>Beginning Balance</b>	\$	†
Purchases		252
Sales		‡
Amortization of discount		
Transfers in		
Transfers out		
Change in unrealized appreciation (depreciation)		1,948
Realized gains (losses)		(2,033)
<b>Ending Balance</b>	\$	167
Net change in unrealized appreciation/depreciation from investments still held as of December 31, 2011	\$	(85)

† Includes one or more securities which are valued at zero.

‡ Includes one or more securities with proceeds from sales of zero.

### Portfolio Composition

<b>Classification</b>	<b>Percentage of Total Investments</b>
Other*	34.4%
Commercial Banks	19.8
Information Technology Services	10.9
Pharmaceuticals	9.3
Tobacco	7.7
Automobiles	7.2
Metals & Mining	5.5
Oil, Gas & Consumable Fuels	5.2

Total Investments	100.0%
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\* Industries representing less than 5% of total investments.

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



Morgan Stanley India Investment Fund, Inc.

December 31, 2011

Financial Statements

	December 31, 2011
	(000)
Statement of Assets and Liabilities	
<b>Assets:</b>	
Investments in Securities of Unaffiliated Issuers, at Value (Cost \$384,253)	\$ 324,143
Investment in Security of Affiliated Issuer, at Value (Cost \$986)	986
Total Investments in Securities, at Value (Cost \$385,239)	325,129
Foreign Currency, at Value (Cost \$26,893)	25,603
Receivable for Investments Sold	1,904
Dividends Receivable	175
Receivable from Affiliate	@
<b>Total Assets</b>	<b>352,811</b>
<b>Liabilities:</b>	
Payable for Investments Purchased	2,136
Payable for Investment Advisory Fees	345
Payable for Directors' Fees and Expenses	128
Payable for Professional Fees	100
Payable for Custodian Fees	82
Payable for Administration Fees	27
Payable for Stockholder Servicing Agent Fees	1
Other Liabilities	26
<b>Total Liabilities</b>	<b>2,845</b>
<b>Net Assets</b>	
Applicable to 22,330,895 Issued and Outstanding \$0.01 Par Value Shares (100,000,000 Shares Authorized)	\$ 349,966
<b>Net Asset Value Per Share</b>	<b>\$ 15.67</b>
<b>Net Assets Consist of:</b>	
Common Stock	\$ 223
Paid-in-Capital	452,440
Accumulated Net Investment Loss	(2,492)
Accumulated Net Realized Loss	(38,367)
Unrealized Appreciation (Depreciation) on:	
Investments	(60,519)
Foreign Currency Translations	(1,319)
<b>Net Assets</b>	<b>\$ 349,966</b>

@ Amount is less than \$500.

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

Morgan Stanley India Investment Fund, Inc.

December 31, 2011

Financial Statements (cont'd)

	<b>Year Ended December 31, 2011 (000)</b>
Statement of Operations	
<b>Investment Income:</b>	
Dividends from Securities of Unaffiliated Issuers	\$ 5,398
Dividends from Security of Affiliated Issuer	4
<b>Total Investment Income</b>	<b>5,402</b>
<b>Expenses:</b>	
Investment Advisory Fees (Note B)	5,377
Custodian Fees (Note D)	523
Administration Fees (Note C)	439
Professional Fees	259
Stockholder Reporting Expenses	99
Directors' Fees and Expenses	99
Stockholder Servicing Agent Fees	6
Other Expenses	178
<b>Total Expenses</b>	<b>6,980</b>
Waiver of Administration Fees (Note C)	(248)
Rebate from Morgan Stanley Affiliate (Note F)	(4)
<b>Net Expenses</b>	<b>6,728</b>
<b>Net Investment Loss</b>	<b>(1,326)</b>
<b>Realized Loss:</b>	
Investments Sold	(33,574)
Foreign Currency Transactions	(4,102)
<b>Net Realized Loss</b>	<b>(37,676)</b>
<b>Change in Unrealized Appreciation (Depreciation):</b>	
Investments	(196,475)
Foreign Currency Translations	(1,392)
<b>Net Change in Unrealized Appreciation (Depreciation)</b>	<b>(197,867)</b>
<b>Total Net Realized Loss and Change in Unrealized Appreciation (Depreciation)</b>	<b>(235,543)</b>
<b>Net Decrease in Net Assets Resulting from Operations</b>	<b>\$ (236,869)</b>

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

Morgan Stanley India Investment Fund, Inc.

December 31, 2011

Financial Statements (cont'd)

	<b>Year Ended December 31, 2011 (000)</b>	<b>Year Ended December 31, 2010 (000)</b>
Statements of Changes in Net Assets		
<b>Increase (Decrease) in Net Assets:</b>		
Operations:		
Net Investment Loss	\$ (1,326)	\$ (683)
Net Realized Gain (Loss)	(37,676)	106,626
Net Change in Unrealized Appreciation (Depreciation)	(197,867)	32,266
<b>Net Increase (Decrease) in Net Assets Resulting from Operations</b>	<b>(236,869)</b>	<b>138,209</b>
Distributions from and/or in Excess of:		
Net Realized Gain	(26,306)	(55,231)
Capital Share Transactions:		
Expenses Recouped from the 2009 Rights Offerings		48
<b>Net Increase in Net Assets Resulting from Capital Share Transactions</b>		<b>48</b>
<b>Total Increase (Decrease)</b>	<b>(263,175)</b>	<b>83,026</b>
<b>Net Assets:</b>		
Beginning of Period	613,141	530,115
<b>End of Period (Including Accumulated Net Investment Loss of \$(2,492) and \$(106))</b>	<b>\$ 349,966</b>	<b>\$ 613,141</b>

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

Morgan Stanley India Investment Fund, Inc.

December 31, 2011

Financial Highlights

*Selected Per Share Data and Ratios*

	Year Ended December 31,				
	2011	2010	2009	2008	2007
<b>Net Asset Value, Beginning of Period</b>	\$ 27.46	\$ 23.74	\$ 13.08	\$ 56.81	\$ 46.29
Net Investment Loss†	(0.06)	(0.03)	(0.04)	(0.16)	(0.18)
Net Realized and Unrealized Gain (Loss)	(10.55)	6.22	10.90	(33.18)	27.38
Total from Investment Operations	(10.61)	6.19	10.86	(33.34)	27.20
Distributions from and/or in excess of:					
Net Investment Income				(0.20)	(0.16)
Net Realized Gain	(1.18)	(2.47)		(10.19)	(16.64)
Total Distributions	(1.18)	(2.47)		(10.39)	(16.80)
Dilutive Effect of Shares Issued through Rights Offering and Offering Costs			(0.20)	0.00‡	0.12



Anti-Dilutive  
Effect of  
Share  
Repurchase  
Program

<b>Net Asset Value, End of Period</b>	\$ 15.67	\$ 27.46	\$ 23.74	\$ 13.08	\$ 56.81
<b>Per Share Market Value, End of Period</b>	\$ 14.01	\$ 25.65	\$ 22.61	\$ 12.50	\$ 54.89
<b>TOTAL INVESTMENT RETURN:</b>					
Market Value	(42.46)%	24.79%	80.88%	(64.72)%	45.29%
Net Asset Value(1)	(39.88)%	27.23%	81.50%	(64.33)%	65.09%
<b>RATIOS, SUPPLEMENTAL DATA:</b>					
<b>Net Assets, End of Period (Thousands)</b>	\$ 349,966	\$ 613,141	\$ 530,115	\$ 256,021	\$ 1,108,419
Ratio of Expenses to Average Net Assets(2)	1.38%+	1.33%+	1.42%+	1.46%+	1.33%+
Ratio of Net Investment Loss to Average Net Assets(2)	(0.28)%+	(0.12)%+	(0.21)%+	(0.51)%+	(0.33)%+
Ratio of Rebate from Morgan Stanley Affiliates to Average Net Assets	0.00%§	0.00%§	0.00%§	0.00%§	0.00%§

Portfolio Turnover Rate	45%	66%	91%	60%	60%
<b>(2) Supplemental Information on the Ratios to Average Net Assets:</b>					
Ratios Before Expenses Waived by Administrator:					
Ratio of Expenses to Average Net Assets	1.43%	1.37%+	1.47%+	1.51%+	1.39%+
Ratio of Net Investment Loss to Average Net Assets	(0.33)%	(0.16)%+	(0.26)%+	(0.56)%+	(0.39)%+

(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 amount is based on average shares outstanding.

‡ Amount is less than \$0.005 per share.

+ The Ratios of Expenses and Net Investment Loss reflect the rebate of certain Fund expenses in connection with the investments in Morgan Stanley affiliates during the period. The effect of the rebate on the ratios is disclosed in the above table as "Ratio of Rebate from Morgan Stanley Affiliates to Average Net Assets."

§ Amount is less than 0.005%.

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



Morgan Stanley India Investment Fund, Inc.

December 31, 2011

## 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 "Act"). The Fund's investment objective is long-term capital appreciation through investments primarily in equity securities of Indian Issuers.

**A. Significant Accounting Policies:** The following significant accounting policies are in conformity with U.S. generally accepted accounting principles ("GAAP"). Such policies are consistently followed by the Fund in the preparation of its financial statements. GAAP 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 except as noted below. 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 ask prices. 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. Short-term debt securities purchased with remaining maturities of 60 days or less are valued at amortized cost, unless the Board of Directors (the "Directors") determines such valuation does not reflect the securities' fair value, in which case these securities will be valued at their fair value as determined in good faith under procedures adopted by the Directors.

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 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. 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 ask prices of such currencies 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 rates 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

Morgan Stanley India Investment Fund, Inc.

December 31, 2011

Notes to Financial Statements (cont'd)

exchange rate from the fluctuations arising from changes in the market prices of the securities held at period end. 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) on investments in securities 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 (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.

**3. Fair Value Measurement:** Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 820, "Fair Value Measurements and Disclosure" ("ASC 820"), defines fair value as the value that the Fund would receive to sell an investment or pay to transfer a liability in a timely transaction with an independent buyer in the principal market, or in the absence of a principal market the most advantageous market for the investment or liability. ASC 820 establishes a three-tier hierarchy to distinguish between (1) inputs that reflect the assumptions market participants would use in valuing an asset or liability developed based on market data obtained from sources independent of the reporting entity (observable inputs) and (2) inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in valuing an asset or liability developed based on the best information available in the circumstances (unobservable inputs) and to establish classification of fair value measurements for disclosure purposes. Various inputs are used in determining the value of the Fund's investments. The inputs are summarized in the three broad levels listed below.

- Level 1 unadjusted quoted prices in active markets for identical investments
- Level 2 other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 significant unobservable inputs including the Fund's own assumptions in determining the fair value of investments. 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



Morgan Stanley India Investment Fund, Inc.

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Notes to Financial Statements (cont'd)

securities), analysis of the issuer's financial statements or other available documents and, if necessary, available information concerning other securities in similar circumstances

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities and the determination of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to each security.

In May 2011, FASB issued Accounting Standards Update ("ASU") 2011-04. The amendments in this update are the results of the work of FASB and the International Accounting Standards Board to develop common requirements for measuring fair value and for disclosing information about fair value measurements, which are effective during interim and annual periods beginning after December 15, 2011. Consequently, these amendments improve the comparability of fair value measurements presented and disclosed in the financial statements prepared in accordance with GAAP and International Financial Reporting Standards. At this time, the Fund's management is evaluating the implications of ASU 2011-04.

**4. Indemnifications:** 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.

**5. 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 (losses) on the sale of investment securities are determined on the specific identified cost basis. Interest income is recognized on the 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/Sub-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.

The Adviser has entered into a Sub-Advisory Agreement with Morgan Stanley Investment Management Company (the "Sub-Adviser"), a wholly-owned subsidiary of Morgan Stanley. The Sub-Adviser provides the Fund with investment advisory services subject to the overall supervision of the Adviser and the Fund's Officers and Directors. The Adviser pays the Sub-Adviser on a monthly basis a portion of the net advisory fees the Adviser receives from the Fund.

**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 through a waiver 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 year ended December 31, 2011,

Morgan Stanley India Investment Fund, Inc.

December 31, 2011

Notes to Financial Statements (cont'd)

approximately \$248,000 of administration fees were waived pursuant to this arrangement. Under a Sub-Administration Agreement between the Administrator and State Street Bank and Trust Company ("State Street"), State Street provides certain administrative services to the Fund. For such services, the Administrator pays State Street a portion of the fee the Administrator receives from the Fund.

Cim Fund Services Ltd., (formerly 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 Cim Fund Services Ltd. is paid a fee of \$18,000 per annum plus reimbursement for certain out-of-pocket expenses.

**D. Custodian Fees:** State Street (the "Custodian") and its affiliates serve as Custodian for the Fund. The Custodian holds cash, securities, and other assets of the Fund as required by the 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. If applicable, these custodian credits are shown as "Expense Offset" in the Statement of Operations.

**E. Federal Income Taxes:** It is the Fund's intention to continue to qualify as a regulated investment company and distribute all of its taxable income. Accordingly, no provision for Federal income taxes is required in the financial statements. Dividend income and distributions to stockholders are recorded on the ex-dividend date.

Effective October 1, 2004 there is no capital gains tax in India for long-term investments in specified securities executed on a recognized stock exchange on which securities transaction tax is paid. The current rate of capital gains tax for short-term investments is 15.836% for transactions conducted through a recognized stock exchange and on which securities transaction tax is paid. 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. The dividend income from Indian companies are exempt from Indian income tax. The Fund currently is subject to and accrues Indian tax on interest earned on Indian securities at 21.115%. The Treaty benefits accorded to foreign investors were challenged by a nongovernmental 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).

FASB ASC 740-10 "Income Taxes - Overall" sets forth a minimum threshold for financial statement recognition of the benefit of a tax position taken or expected to be taken in a tax return. Management has concluded there are no significant uncertain tax positions that would require recognition in the financial statements. If applicable, the Fund recognizes interest accrued related to unrecognized tax benefits in "Interest Expense" and penalties in "Other

Expenses" in the Statement of Operations. The Fund files tax returns with the U.S. Internal Revenue Service, New York and various states. Each of the tax years in the four-year period ended December 31, 2011, remains subject to examination by taxing authorities.

Morgan Stanley India Investment Fund, Inc.

December 31, 2011

Notes to Financial Statements (cont'd)

The tax character of distributions paid may differ from the character of distributions shown in the Statements of Changes in Net Assets due to short-term capital gains being treated as ordinary income for tax purposes. The tax character of distributions paid during fiscal 2011 and 2010 was as follows:

2011 Distributions Paid From:		2010 Distributions Paid From:	
Ordinary Income (000)	Long-Term Capital Gain (000)	Ordinary Income (000)	Long-Term Capital Gain (000)
\$ 4,113	\$ 22,193	\$ 13,377	\$ 41,854

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 GAAP. These book/tax differences are considered either temporary or permanent in nature.

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

Permanent differences, primarily due to differing treatments of gains (losses) related on foreign currency transactions and net operating loss, resulted in the following reclassifications among the components of net assets at December 31, 2011:

Undistributed (Distributions in Excess of) Net Investment Income (Loss) (000)	Accumulated Net Realized Gain (Loss) (000)	Paid-in Capital (000)
\$ (1,060)	\$ 4,102	\$ (3,042)

At December 31, 2011, the Fund had no distributable earnings on a tax basis.

At December 31, 2011, the U.S. Federal income tax cost basis of investments was approximately \$387,177,000 and, accordingly, net unrealized depreciation for U.S. Federal income tax purposes was \$62,048,000 of which \$27,182,000 related to appreciated securities and \$89,230,000 related to depreciated securities.

On December 22, 2010, the Regulated Investment Company Modernization Act of 2010 (the "Modernization Act") was signed into law. The Modernization Act modernizes several tax provisions related to Regulated Investment Companies ("RICs") and their shareholders. One key change made by the Modernization Act is that capital losses will generally retain their character as short-term or long-term and may be carried forward indefinitely to offset future

gains. These losses are utilized before other capital loss carryforwards that expire. Generally, the Modernization Act is effective for taxable years beginning after December 22, 2010.

At December 31, 2011, the Fund had available for Federal income tax purposes unused short-term capital losses of \$11,924,000 and long-term capital losses of \$8,071,000 that will not expire.

To the extent that capital loss carryforwards are used to offset any future capital gains realized during the carryover period as provided by U.S. Federal income tax regulations, no capital gains tax liability will be incurred by a Fund for gains realized and not distributed. To the extent that capital gains are offset, such gains will not be distributed to the shareholders.

Capital losses and specified ordinary losses, including currency losses, incurred after October 31 but 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, 2011, the Fund deferred to

Morgan Stanley India Investment Fund, Inc.

December 31, 2011

Notes to Financial Statements (cont'd)

January 1, 2012 for U.S. Federal income tax purposes the following losses:

<b>Post-October Currency and Specified Ordinary Losses (000)</b>	<b>Post-October Capital losses (000)</b>
\$ 2,385	\$ 16,844

**F. Security Transactions and Transactions with Affiliates:** For the year ended December 31, 2011, purchases and sales of investment securities for the Fund, other than long-term U.S. Government securities and short-term investments, were approximately \$211,338,000 and \$260,175,000.

The Fund invests in the Institutional Class of the Morgan Stanley Institutional Liquidity Funds Money Market Portfolio (the "Liquidity Funds"), an open-end management investment company managed by the Adviser. Investment Advisory fees paid by the Fund are reduced by an amount equal to its pro-rata share of the advisory and administration fees paid by the Fund due to its investment in the Liquidity Funds. For the year ended December 31, 2011, advisory fees paid were reduced by approximately \$4,000 relating to the Fund's investment in the Liquidity Funds.

A summary of the Fund's transactions in shares of the Liquidity Funds during the year ended December 31, 2011 is as follows:

<b>Value December 31, 2010 (000)</b>	<b>Purchases at Cost (000)</b>	<b>Sales (000)</b>	<b>Dividend Income (000)</b>	<b>Value December 31, 2011 (000)</b>
\$ 56,230	\$ 34,676	\$ 89,920	\$ 4	\$ 986

During the year ended December 31, 2011, the Fund incurred approximately \$22,000 in brokerage commissions with Morgan Stanley & Co., LLC, an affiliate of the Adviser, Sub-Adviser, and Administrator, for portfolio transactions executed on behalf of the Fund.

During the year ended December 31, 2011, the Fund incurred approximately \$70,000 in brokerage commissions with Citigroup, Inc. and its affiliated broker/dealers, which may be deemed affiliates of the Adviser, Sub-Adviser, and Administrator under Section 17 of the Act, for portfolio transactions executed on behalf of the Fund.

**G. Other:** 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 July 6, 2009, the Fund commenced a rights offering and issued to stockholders as of June 30, 2009 one right for each share of common stock held. The rights were not transferable and, consequently, were not listed on any exchange. Four rights entitled the stockholder to purchase one share of common stock at the subscription price. The rights entitled stockholders to subscribe for an aggregate of 4,914,170 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 offering, or 1,228,542 shares, for an aggregate total of 6,142,712 shares. The offer expired on July 22, 2009. The Fund sold 2,674,213 shares at the subscription price per share of \$19.12 (representing the Fund's net asset value per share on the expiration date of the offer). The total proceeds of the rights offering were \$51,130,953 and the Fund incurred costs of approximately \$227,000.

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 year ended December 31, 2011, the Fund did not repurchase any of its shares. Since the inception of the program, the Fund has repurchased 8,941,882 of its shares at an average discount of 26.84% from net asset value per share. The Fund expects to continue to repurchase its

Morgan Stanley India Investment Fund, Inc.

December 31, 2011

Notes to Financial Statements (cont'd)

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.

**H. Results of Annual Meeting of Stockholders (unaudited):** On June 30, 2011, an annual meeting of the Fund's stockholders was held for the purpose of voting on the following matter, the results of which were as follows:

Election of Directors by all stockholders:

	<b>For</b>	<b>Withheld</b>
Mamode Izam Nathadkhan	16,834,913	648,387
Ravindranath Santosh Kumar Hazareesing	16,810,123	673,177

**Federal Income Tax Information (unaudited)**

For Federal income tax purposes, the following information is furnished with respect to the distributions paid by the Fund during its taxable year ended December 31, 2011.

The Fund designated and paid approximately \$22,193,000 as long-term capital gain distribution.

In January, the Fund provides tax information to stockholders for the preceding calendar year.

**For More Information About Portfolio Holdings (unaudited)**

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/im](http://www.morganstanley.com/im). 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, [www.sec.gov](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 toll free 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 e-mail address ([publicinfo@sec.gov](mailto:publicinfo@sec.gov)) or by writing the public reference section of the SEC, Washington, DC 20549-0102.

In addition to filing a complete schedule of portfolio holdings with the SEC each fiscal quarter, the Fund makes portfolio holdings information available by periodically providing the information on its public website, [www.morganstanley.com/im](http://www.morganstanley.com/im).



The Fund provides a complete schedule of portfolio holdings on the public website on a calendar-quarter basis approximately 31 calendar days after the close of the calendar quarter. The Fund also provides Top 10 holdings information on the public website approximately 15 business days following the end of each month. You may obtain copies of the Fund's monthly or calendar-quarter website postings, by calling toll free 1(800) 231-2608.

Morgan Stanley India Investment Fund, Inc.

December 31, 2011

Notes to Financial Statements (cont'd)

**Proxy Voting Policy and Procedures and Proxy Voting Record (unaudited)**

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 toll free 1(800) 548-7786 or by visiting our website at [www.morganstanley.com/im](http://www.morganstanley.com/im). This information is also available on the SEC's web site at [www.sec.gov](http://www.sec.gov).



Morgan Stanley India Investment Fund, Inc.

December 31, 2011

Report of Independent Registered Public Accounting Firm

**To the Stockholders and Board of Directors of  
Morgan Stanley India Investment Fund, Inc.**

We have audited the accompanying statement of assets and liabilities of Morgan Stanley India Investment Fund, Inc. (the "Fund"), including the portfolio of investments, as of December 31, 2011, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. We were not engaged to perform an audit of the Fund's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial highlights, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of December 31, 2011, by correspondence with the custodian and others or by other appropriate auditing procedures where replies from others were not received. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Morgan Stanley India Investment Fund, Inc. at December 31, 2011, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended, in conformity with U.S. generally accepted accounting principles.

Boston, Massachusetts  
February 24, 2012

Morgan Stanley India Investment Fund, Inc.

December 31, 2011

Portfolio Management (unaudited)

The Fund is managed within the Emerging Markets Equity team. The team consists of portfolio managers and analysts. Current members of the team jointly and primarily responsible for the day-to-day management of the Fund's Portfolio are James Cheng, a Managing Director of the Sub-Adviser, and Ruchir Sharma, a Managing Director of the U.S. Adviser.

Mr. Cheng has been associated with the Sub-Adviser in an investment management capacity since July 2006 and began managing the Fund in February 2009. Prior to July 2006, Mr. Cheng worked in an investment management capacity at Invesco Asia Limited, Asia Strategic Investment Management Limited and Munich Re Asia Capital Management. Mr. Sharma has been associated with the U.S. Adviser in an investment management capacity since 1996 and began managing the Fund in January 2001.

Morgan Stanley India Investment Fund, Inc.

December 31, 2011

Investment Policy (unaudited)

The Fund may use derivative instruments for a variety of purposes, including hedging, risk management, portfolio management or to earn income. Derivatives are financial instruments whose value is based on the value of another underlying asset, interest rate, index or financial instrument. A derivative instrument often has risks similar to its underlying instrument and may have additional risks, including imperfect correlation between the value of the derivative and the underlying instrument, risks of default by the other party to certain transactions, magnification of losses incurred due to changes in the market value of the securities, instruments, indices or interest rates to which they relate, and risks that the transactions may not be liquid. The use of derivatives involves risks that are different from, and possibly greater than, the risks associated with other portfolio investments. Derivatives may involve the use of highly specialized instruments that require investment techniques and risk analyses different from those associated with other portfolio investments. Certain derivative transactions may give rise to a form of leverage. Leverage associated with derivative transactions may cause the Fund to liquidate portfolio positions when it may not be advantageous to do so to satisfy its obligations or to meet earmarking or segregation requirements, pursuant to applicable SEC rules and regulations, or may cause the Fund to be more volatile than if the Fund had not been leveraged. Although the Investment Adviser seeks to use derivatives to further the Fund's investment objectives, there is no assurance that the use of derivatives will achieve this result.

Following is a description of the derivative instruments and techniques that the Fund may use and their associated risks:

*Futures.* In respect to futures, the Fund is subject to equity risk, interest rate risk and foreign currency exchange risk in the normal course of pursuing its investment objectives. A futures contract is a standardized agreement between two parties to buy or sell a specific quantity of an underlying instrument at a specific price at a specific future time. The value of a futures contract tends to increase and decrease in tandem with the value of the underlying instrument. Futures contracts are bilateral agreements, with both the purchaser and the seller equally obligated to complete the transaction. Depending on the terms of the particular contract, futures contracts are settled through either physical delivery of the underlying instrument on the settlement date or by payment of a cash settlement amount on the settlement date. During the period the futures contract is open, payments are received from or made to the broker based upon changes in the value of the contract (the variation margin). The risk of loss associated with a futures contract is in excess of the variation margin reflected as part of "Due from (to) Broker" on the Statement of Assets and Liabilities. A decision as to whether, when and how to use futures involves the exercise of skill and judgment and even a well conceived futures transaction may be unsuccessful because of market behavior or unexpected events. In addition to the derivatives risks discussed above, the prices of futures can be highly volatile, using futures can lower total return, and the potential loss from futures can exceed the Fund's initial investment in such contracts.

*Foreign Currency Forward Contracts.* In connection with its investments in foreign securities, the Fund also may enter into contracts with banks, brokers or dealers to purchase or sell securities or foreign currencies at a future date ("forward contracts"). A foreign currency forward contract is a negotiated agreement between the contracting parties to exchange a specified amount of currency at a specified future time at a specified rate. The rate can be higher or lower than the spot rate between the currencies that are the subject of the contract. Forward foreign currency exchange contracts may be used to protect against uncertainty in the level of future foreign currency exchange rates or to gain or modify exposure to a particular currency. In addition, the Fund may use cross currency hedging or proxy hedging with respect to currencies in which the Fund has or expects to have portfolio or currency exposure. Cross currency hedges



Morgan Stanley India Investment Fund, Inc.

December 31, 2011

Investment Policy (unaudited) (cont'd)

involve the sale of one currency against the positive exposure to a different currency and may be used for hedging purposes or to establish an active exposure to the exchange rate between any two currencies. A currency exchange 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 (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. Hedging the Fund's currency risks involves the risk of mismatching the Fund's objectives under a forward or futures contract with the value of securities denominated in a particular currency. Furthermore, such transactions reduce or preclude the opportunity for gain if the value of the currency should move in the direction opposite to the position taken. There is an additional risk to the effect that currency contracts create exposure to currencies in which the Fund's securities are not denominated. Unanticipated changes in currency prices may result in poorer overall performance for the Fund than if it had not entered into such contracts.

*Structured Investments.* The Fund also may invest a portion of its assets in structured investments. A structured investment is a derivative security designed to offer a return linked to a particular underlying security, currency or market. Structured investments may come in various forms including notes, warrants and options to purchase securities. The Fund will typically use structured investments to gain exposure to a permitted underlying security, currency or market when direct access to a market is limited or inefficient from a tax or cost standpoint. Investments in structured investments involve risks including counterparty risk and market risk. Holders of structured investments bear risks of the underlying investment and are subject to counterparty risk because the Fund is relying on the creditworthiness of such counterparty and has no rights with respect to the underlying investment. Certain structured investments may be thinly traded or have a limited trading market and may have the effect of increasing the Fund's illiquidity to the extent that the Fund, at a particular point in time, may be unable to find qualified buyers for these securities.



Morgan Stanley India Investment Fund, Inc.

December 31, 2011

Dividend Reinvestment and Cash Purchase Plan (unaudited)

Pursuant to the Dividend Reinvestment and Cash Purchase Plan (the Plan), each stockholder will be deemed to have elected, unless Computershare Trust Company, N.A. (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 (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 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 a Distribution 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.  
Computershare Trust Company, N.A.  
P.O. Box 43078  
Providence, Rhode Island 02940-3078  
1 (800) 231-2608

Morgan Stanley India Investment Fund, Inc.

December 31, 2011

U.S. Privacy Policy (unaudited)

## **An Important Notice Concerning Our U.S. Privacy Policy**

*This privacy notice describes the U.S. privacy policy of Morgan Stanley Distribution, Inc., and the Morgan Stanley family of mutual funds ("us", "our", "we").*

We are required by federal law to provide you with notice of our U.S. privacy policy ("Policy"). This Policy applies to both our current and former clients unless we state otherwise and is intended for individual clients who purchase products or receive services from us for personal, family or household purposes. This Policy is not applicable to partnerships, corporations, trusts or other non-individual clients or account holders, nor is this Policy applicable to individuals who are either beneficiaries of a trust for which we serve as trustee or participants in an employee benefit plan administered or advised by us. This Policy is, however, applicable to individuals who select us to be a custodian of securities or assets in individual retirement accounts, 401(k) accounts, or accounts subject to the Uniform Gifts to Minors Act.

This notice sets out our business practices to protect your privacy; how we collect and share personal information about you; and how you can limit our sharing or certain uses by others of this information. We may amend this Policy at any time, and will inform you of any changes to our Policy as required by law.

## **We Respect Your Privacy**

We appreciate that you have provided us with your personal financial information and understand your concerns about your information. We strive to safeguard the information our clients entrust to us. Protecting the confidentiality and security of client information is an important part of how we conduct our business.

This notice describes what personal information we collect about you, how we collect it, when we may share it with others, and how certain others may use it. It discusses the steps you may take to limit our sharing of certain information about you with our affiliated companies, including, but not limited to our affiliated banking businesses, brokerage firms and credit service affiliates. It also discloses how you may limit our affiliates' use of shared information for marketing purposes.

Throughout this Policy, we refer to the nonpublic information that personally identifies you as "personal information." We also use the term "affiliated company" in this notice. An affiliated company is a company in our family of companies and includes companies with the Morgan Stanley name. These affiliated companies are financial institutions such as broker-dealers, banks, investment advisers and credit card issuers. We refer to any company that is not an affiliated company as a nonaffiliated third party. For purposes of Section 5 of this notice, and your ability to limit certain uses of personal information by our affiliates, this notice applies to the use of personal information by our affiliated companies.

### **1. What Personal Information Do We Collect From You?**

We may collect the following types of information about you: (i) information provided by you, including information from applications and other forms we receive from you, (ii) information about your transactions with us or our affiliates, (iii) information



Morgan Stanley India Investment Fund, Inc.

December 31, 2011

U.S. Privacy Policy (unaudited) (cont'd)

about your transactions with nonaffiliated third parties, (iv) information from consumer reporting agencies, (v) information obtained from our websites, and (vi) information obtained from other sources. For example:

- We collect information such as your name, address, e-mail address, telephone/fax numbers, assets, income and investment objectives through applications and other forms you submit to us.
- We may obtain information about account balances, your use of account(s) and the types of products and services you prefer to receive from us through your dealings and transactions with us and other sources.
- We may obtain information about your creditworthiness and credit history from consumer reporting agencies.
- We may collect background information from and through third-party vendors to verify representations you have made and to comply with various regulatory requirements.

## 2. When Do We Disclose Personal Information We Collect About You?

*We may disclose personal information we collect about you in each of the categories listed above to affiliated and nonaffiliated third parties.*

**a. Information We Disclose to Affiliated Companies.** We may disclose personal information that we collect about you to our affiliated companies to manage your account(s) effectively, to service and process your transactions, and to let you know about products and services offered by us and affiliated companies, to manage our business, and as otherwise required or permitted by law. Offers for products and services from affiliated companies are developed under conditions designed to safeguard your personal information.

**b. Information We Disclose to Third Parties.** We may disclose personal information that we collect about you to nonaffiliated third parties to provide marketing services on our behalf or to other financial institutions with whom we have joint marketing agreements. We may also disclose all of the information we collect to other nonaffiliated third parties for our everyday business purposes, such as to process transactions, maintain account(s), respond to court orders and legal investigations, report to credit bureaus, offer our own products and services, protect against fraud, for institutional risk control, to perform services on our behalf, and as otherwise required or permitted by law.

When we share personal information about you with a nonaffiliated third party, they are required to limit their use of personal information about you to the particular purpose for which it was shared and they are not allowed to share personal information about you with others except to fulfill that limited purpose or as may be permitted or required by law.

## 3. How Do We Protect the Security and Confidentiality of Personal Information We Collect About You?

We maintain physical, electronic and procedural security measures that comply with applicable law and regulations to help safeguard the personal information we collect about you. We have internal policies governing the proper handling of client information by



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employees. Third parties that provide support or marketing services on our behalf may also receive personal information about you, and we require them to adhere to appropriate security standards with respect to such information.

#### **4. How Can You Limit Our Sharing Certain Personal Information About You With Our Affiliated Companies for Eligibility Determination?**

By following the opt-out procedures in Section 6, below, you may limit the extent to which we share with our affiliated companies, personal information that was collected to determine your eligibility for products and services such as your credit reports and other information that you have provided to us or that we may obtain from third parties ("eligibility information"). Eligibility information does not include your identification information or personal information pertaining to our transactions or experiences with you. Please note that, even if you direct us not to share eligibility information with our affiliated companies, we may still share your personal information, including eligibility information, with our affiliated companies under circumstances that are permitted under applicable law, such as to process transactions or to service your account.

#### **5. How Can You Limit the Use of Certain Personal Information About You by Our Affiliated Companies for Marketing?**

By following the opt-out instructions in Section 6, below, you may limit our affiliated companies from marketing their products or services to you based on personal information we disclose to them. This information may include, for example, your income and account history with us. Please note that, even if you choose to limit our affiliated companies from using personal information about you that we may share with them for marketing their products and services to you, our affiliated companies may use your personal information that they obtain from us to market to you in circumstances permitted by law, such as if the affiliated party has its own relationship with you.

#### **6. How Can You Send Us an Opt-Out Instruction?**

If you wish to limit our sharing of eligibility information about you with our affiliated companies, or our affiliated companies' use of personal information for marketing purposes, as described in this notice, you may do so by:

- Calling us at (800) 548-7786  
Monday - Friday between 8a.m. and 5p.m. (EST)

- Writing to us at the following address:

Morgan Stanley Services Company Inc.  
c/o Privacy Coordinator  
201 Plaza Two, 3rd Floor  
Jersey City, New Jersey 07311

If you choose to write to us, your request should include: your name, address, telephone number and account number(s) to which the opt-out applies and whether you are opting out with respect to sharing of eligibility

information (Section 4 above), or information used for marketing (Section 5 above), or both. Written opt-out requests should not be sent with any other correspondence. In order to process your request, we

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U.S. Privacy Policy (unaudited) (cont'd)

require that the request be provided by you directly and not through a third party. Once you have informed us about your privacy preferences, your opt-out preference will remain in effect with respect to this Policy (as it may be amended) until you notify us otherwise. If you are a joint account owner, we will accept instructions from any one of you and apply those instructions to the entire account.

Please understand that if you limit our sharing or our affiliated companies' use of personal information, you and any joint account holder(s) may not receive information about our affiliated companies' products and services, including products or services that could help you manage your financial resources and achieve your investment objectives.

If you have more than one account or relationship with us, please specify the accounts to which you would like us to apply your privacy choices. If you have accounts or relationships with our affiliates, you may receive multiple privacy policies from them, and will need to separately notify those companies of your privacy choices for those accounts or relationships.

#### **7. What if an affiliated company becomes a nonaffiliated third party?**

If, at any time in the future, an affiliated company becomes a nonaffiliated third party, further disclosures of personal information made to the former affiliated company will be limited to those described in Section 2(b) above relating to nonaffiliated third parties. If you elected under Section 6 to limit disclosures we make to affiliated companies, or use of personal information by affiliated companies, your election will not apply to use by any former affiliated company of your personal information in their possession once it becomes a nonaffiliated third party.

#### **SPECIAL NOTICE TO RESIDENTS OF VERMONT**

**The following section supplements our Policy with respect to our individual clients who have a Vermont address and supersedes anything to the contrary in the above Policy with respect to those clients only.**

The State of Vermont requires financial institutions to obtain your consent prior to sharing personal information that they collect about you with nonaffiliated third parties, or eligibility information with affiliated companies, other than in certain limited circumstances. Except as permitted by law, we will not share personal information we collect about you with nonaffiliated third parties or eligibility information with affiliated companies, unless you provide us with your written consent to share such information.

#### **SPECIAL NOTICE TO RESIDENTS OF CALIFORNIA**

**The following section supplements our Policy with respect to our individual clients who have a California address and supersedes anything to the contrary in the above Policy with respect to those clients only.**

In response to a California law, if your account has a California home address, your personal information will not be disclosed to nonaffiliated third parties except as permitted by applicable California law, and we will limit sharing such personal information with our affiliates to comply with California privacy laws that apply to us.







Morgan Stanley India Investment Fund, Inc.

December 31, 2011

Director and Officer Information (unaudited)

Independent Directors:

Name, Age and Address of Independent Director	Position(s) Held with Registrant	Length of Time Served	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Independent Director**	Other Directorships Held by Directors***
M.J. Marcel Vivian Descroizilles (62) c/o Cim Fund Services, Ltd. Rogers House 5 President John Kennedy St. Port-Louis, Mauritius	Director	Since 2006	Business Consultant since 2006; formerly, Managing Director of Société du Port (May-November 2006); Consultant, Total Outre Mer SA Paris (January-May 2006); Managing Director and General Manager of Esso Mauritius Ltd., a wholly-owned affiliate of ExxonMobil Corp. (February 1996 - December 2005).	1	Independent director of a number of companies in Mauritius, including publicly quoted Rogers & Co. Ltd.
Joseph J. Kearns (69) c/o Kearns & Associates LLC PMB754 22631	Director	Since August 1994	President, Kearns & Associates LLC (investment consulting); Chairperson of the Audit Committee (since October 2006) and Director or Trustee of various Morgan Stanley Funds (since August 1994); formerly Deputy Chairperson of the Audit Committee (July 2003-September 2006) and Chairperson of the Audit Committee of various Morgan Stanley Funds since (August 1994); CFO of the J. Paul Getty Trust.	105	Director of Electro Rent Corporation (equipment leasing) and The Ford Family Foundation.

Pacific  
Coast  
Highway  
Malibu,  
CA  
90265

Ravindra Director  
Santosh  
Kumar  
Hazareesing  
(63)  
c/o  
Cim  
Fund  
Services,  
Ltd.  
Rogers  
House  
5  
President  
John  
Kennedy  
St.  
Port-Louis,  
Mauritius

Since Self-employed Management Consultant.  
2003

1 None.

Mamoda Director  
Izam  
Nathadkhan  
(55)  
c/o  
Cim  
Fund  
Services,  
Ltd.  
Rogers  
House  
5  
President  
John  
Kennedy  
St.  
Port-Louis,  
Mauritius

Since Managing Partner, Nathadkhan Associates  
2011 (Associated with Jeffrey's Henry  
International) (since 2001); Chairman of  
Audit Committee and Director of Standard  
Bank (Mauritius) Ltd (since 2004); Agent of  
French Companies (since 2006).

1 None.

Fergus Director  
Reid  
(79)  
c/o  
Joe  
Pietryka,

Since Chairman, Joe Pietryka, Inc.; Chairperson of  
1992 the Governance Committee and Director or  
Trustee of various Morgan Stanley Funds  
(since June 1992).

105 Trustee and Director of  
certain investment  
companies in the  
JPMorgan Funds  
complex managed by JP  
Morgan Investment

Inc.  
85  
Charles  
Colman  
Blvd.  
Pawling,  
NY  
12564

Management Inc

Morgan Stanley India Investment Fund, Inc.

December 31, 2011

Director and Officer Information (unaudited) (cont'd)

Interested Director:

Name, Age and Address of Interested Director	Position(s) Held with Registrant	Length of Time Served*	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Interested Director**	Other Directorships Held by Interested Director***
Arthur Levitt 522 Fifth Avenue New York, NY 10036	President and Principal Executive Officer	Since June 2011	President and Principal Executive Officer of the Equity and Fixed Income Funds in the Fund Complex; Head of the Long Only Business of Morgan Stanley Investment Management (since February 2011); Managing Director of the Adviser and various entities affiliated with the Adviser (since December 2006). Formerly, Chief Strategy Officer of Morgan Stanley Investment Management's Traditional Asset Management business (November 2010-February 2011); General Counsel of Morgan Stanley Investment Management (December 2006-October 2010); Partner and General Counsel of FrontPoint Partners LLC (July 2002-December 2006); Managing Director and General Counsel of Morgan Stanley Investment Management (May 2000-June 2002).	1	None.

\* Each Director serves an indefinite term, until his or her successor is elected.

\*\* The Fund Complex (as of December 31, 2011) includes all open-end and closed-end funds (including all of their portfolios) advised by Morgan Stanley Investment Management Inc. (the "Adviser") and any funds that have an adviser that is an affiliated person of the Adviser (including, but not limited to, Morgan Stanley AIP GP LP).

\*\*\* This includes any directorships at public companies and registered investment companies held by the Director at any time during the past five years.



Morgan Stanley India Investment Fund, Inc.

December 31, 2011

## Director and Officer Information (unaudited) (cont'd)

## Executive Officers:

Name, Age and Address of Executive Officer	Position(s) Held with Registrant	Length of Time Served*	Principal Occupation(s) During Past 5 Years
Arthur Lev (50) 522 Fifth Avenue New York, NY 10036	President and Principal Executive Officer Equity and Fixed Income Funds	Since June 2011	President and Principal Executive Officer (since June 2011) of the Equity and Fixed Income Funds in the Fund Complex; Head of the Long Only Business of Morgan Stanley Investment Management (since February 2011); Managing Director of the Adviser and various entities affiliated with the Adviser (since December 2006). Formerly, Chief Strategy Officer of Morgan Stanley Investment Management's Traditional Asset Management business (November 2010-February 2011); General Counsel of Morgan Stanley Investment Management (December 2006-October 2010); Partner and General Counsel of FrontPoint Partners LLC (July 2002-December 2006); Managing Director and General Counsel of Morgan Stanley Investment Management (May 2000-June 2002).
Mary Ann Picciotto (38) c/o Morgan Stanley Services Company Inc. Harborside Financial Center 201 Plaza Two Jersey City, NJ 07311	Chief Compliance Officer	Since May 2010	Managing Director of the Adviser and various entities affiliated with the Adviser; Chief Compliance Officer of various Morgan Stanley Funds (since May 2010); Chief Compliance Officer of the Adviser (since April 2007).
Stefanie V. Chang Yu (45)	Vice President	Since December 1997	Managing Director of the Adviser and various entities affiliated with the Adviser; Vice President of various Morgan Stanley Funds (since December 1997).



522 Fifth  
Avenue  
New York,  
NY 10036

<p>Francis J. Smith (46) c/o Morgan Stanley Services Company Inc. Harborside Financial Center 201 Plaza Two Jersey City, NJ 07311</p>	<p>Treasurer and Principal Financial Officer</p>	<p>Treasurer since July 2003 and Principal Financial Officer since September 2002</p>	<p>Executive Director of the Adviser and various entities affiliated with the Adviser; Treasurer and Principal Financial Officer of various Morgan Stanley Funds (since July 2003).</p>
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<p>Mary E. Mullin (44) 522 Fifth Avenue New York, NY 10036</p>	<p>Secretary</p>	<p>Since June 1999</p>	<p>Executive Director of the Adviser and various entities affiliated with the Adviser; Secretary of various Morgan Stanley Funds (since June 1999).</p>
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\* Each Officer serves an indefinite term, until his or her successor is elected.



Item 2. Code of Ethics.

(a) The Trust/Fund has adopted a code of ethics (the Code of Ethics ) that applies to its principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, regardless of whether these individuals are employed by the Trust/Fund or a third party.

(b) No information need be disclosed pursuant to this paragraph.

(c) Not applicable.

(d) Not applicable.

(e) Not applicable.

(f)

(1) The Trust/Fund s Code of Ethics is attached hereto as Exhibit 12 A.

(2) Not applicable.

(3) Not applicable.

Item 3. Audit Committee Financial Expert.

The Fund s Board of Trustees has determined that Joseph J. Kearns, an independent Trustee, is an audit committee financial expert serving on its audit committee. Under applicable securities laws, a person who is determined to be an audit committee financial expert will not be deemed an expert for any purpose, including without limitation for the purposes of Section 11 of the Securities Act of 1933, as a result of being designated or identified as an audit committee financial expert. The designation or identification of a person as an audit committee financial expert does not

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impose on such person any duties, obligations, or liabilities that are greater than the duties, obligations, and liabilities imposed on such person as a member of the audit committee and Board of Trustees in the absence of such designation or identification.

Item 4. Principal Accountant Fees and Services.

(a)(b)(c)(d) and (g). Based on fees billed for the periods shown:

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2011

	Registrant	Covered Entities(1)
<b>Audit Fees</b>	\$ 106,900	N/A
<b>Non-Audit Fees</b>		
<b>Audit-Related Fees</b>	\$ (2)	\$ (2)
<b>Tax Fees</b>	\$ 3,380(3)	\$ 89,626(3)
<b>All Other Fees</b>	\$	\$ 1,133,094(4)
<b>Total Non-Audit Fees</b>	\$ 3,380	\$ 1,222,720
<b>Total</b>	\$ 110,280	\$ 1,222,720

2010

	Registrant	Covered Entities(1)
<b>Audit Fees</b>	\$ 106,900	N/A
<b>Non-Audit Fees</b>		
<b>Audit-Related Fees</b>	\$ (2)	\$ (2)
<b>Tax Fees</b>	\$ 3,380(3)	\$ 199,783(3)
<b>All Other Fees</b>	\$	\$ 90,520(4)
<b>Total Non-Audit Fees</b>	\$ 3,380	\$ 290,303
<b>Total</b>	\$ 110,280	\$ 290,303

N/A- Not applicable, as not required by Item 4.

(1) Covered Entities include the Adviser (excluding sub-advisors) and any entity controlling, controlled by or under common control with the Adviser that provides ongoing services to the Registrant.

(2) Audit-Related Fees represent assurance and related services provided that are reasonably related to the performance of the audit of the financial statements of the Covered Entities and funds advised by the Adviser or its affiliates, specifically data verification and agreed-upon procedures related to asset securitizations and agreed-upon procedures engagements.

(3) Tax Fees represent tax compliance, tax planning and tax advice services provided in connection with the preparation and review of the Registrant's tax returns.

(4) Tax Fees represent tax compliance, tax planning and tax advice services provided in connection with the review of Covered Entities' tax returns.

(5) All other fees represent project management for future business applications and improving business and operational processes.

(e)(1) The audit committee's pre-approval policies and procedures are as follows:

**APPENDIX A**

**AUDIT COMMITTEE**  
**AUDIT AND NON-AUDIT SERVICES**  
**PRE-APPROVAL POLICY AND PROCEDURES**  
**OF THE**  
**MORGAN STANLEY RETAIL AND INSTITUTIONAL FUNDS**  
  
**AS ADOPTED AND AMENDED JULY 23, 2004,(1)**

**1. Statement of Principles**

The Audit Committee of the Board is required to review and, in its sole discretion, pre-approve all Covered Services to be provided by the Independent Auditors to the Fund and Covered Entities in order to assure that services performed by the Independent Auditors do not impair the auditor's independence from the Fund.

The SEC has issued rules specifying the types of services that an independent auditor may not provide to its audit client, as well as the audit committee's administration of the engagement of the independent auditor. The SEC's rules establish two different approaches to pre-approving services, which the SEC considers to be equally valid. Proposed services either: may be pre-approved without consideration of specific case-by-case services by the Audit Committee (general pre-approval); or require the specific pre-approval of the Audit Committee or its delegate (specific pre-approval). The Audit Committee believes that the combination of these two approaches in this Policy will result in an effective and efficient procedure to pre-approve services performed by the Independent Auditors. As set forth in this Policy, unless a type of service has received general pre-approval, it will require specific pre-approval by the Audit Committee (or by any member of the Audit Committee to which pre-approval authority has been delegated) if it is to be provided by the Independent Auditors. Any proposed services exceeding pre-approved cost levels or budgeted amounts will also require specific pre-approval by the Audit Committee.

The appendices to this Policy describe the Audit, Audit-related, Tax and All Other services that have the general pre-approval of the Audit Committee. The term of any general pre-approval is 12 months from the date of pre-approval, unless the Audit Committee considers and provides a different period and states otherwise. The Audit Committee will annually review and pre-approve the services that may be provided by the Independent Auditors without obtaining specific pre-approval from the Audit Committee. The Audit Committee will add to or subtract from the list of general pre-approved services from time to time, based on subsequent determinations.

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(1) This Audit Committee Audit and Non-Audit Services Pre-Approval Policy and Procedures (the Policy ), adopted as of the date above, supersedes and replaces all prior versions that may have been adopted from time to time.

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The purpose of this Policy is to set forth the policy and procedures by which the Audit Committee intends to fulfill its responsibilities. It does not delegate the Audit Committee's responsibilities to pre-approve services performed by the Independent Auditors to management.

The Fund's Independent Auditors have reviewed this Policy and believes that implementation of the Policy will not adversely affect the Independent Auditors' independence.

## **2. Delegation**

As provided in the Act and the SEC's rules, the Audit Committee may delegate either type of pre-approval authority to one or more of its members. The member to whom such authority is delegated must report, for informational purposes only, any pre-approval decisions to the Audit Committee at its next scheduled meeting.

## **3. Audit Services**

The annual Audit services engagement terms and fees are subject to the specific pre-approval of the Audit Committee. Audit services include the annual financial statement audit and other procedures required to be performed by the Independent Auditors to be able to form an opinion on the Fund's financial statements. These other procedures include information systems and procedural reviews and testing performed in order to understand and place reliance on the systems of internal control, and consultations relating to the audit. The Audit Committee will approve, if necessary, any changes in terms, conditions and fees resulting from changes in audit scope, Fund structure or other items.

In addition to the annual Audit services engagement approved by the Audit Committee, the Audit Committee may grant general pre-approval to other Audit services, which are those services that only the Independent Auditors reasonably can provide. Other Audit services may include statutory audits and services associated with SEC registration statements (on Forms N-1A, N-2, N-3, N-4, etc.), periodic reports and other documents filed with the SEC or other documents issued in connection with securities offerings.

The Audit Committee has pre-approved the Audit services in Appendix B.1. All other Audit services not listed in Appendix B.1 must be specifically pre-approved by the Audit Committee (or by any member of the Audit Committee to which pre-approval has been delegated).

## **4. Audit-related Services**

Audit-related services are assurance and related services that are reasonably related to the performance of the audit or review of the Fund's financial statements and, to the extent they are Covered Services, the Covered Entities or that are traditionally performed by the Independent Auditors. Because the Audit Committee believes that the provision of Audit-related services does not impair the independence of the auditor and is consistent with the SEC's rules on auditor independence, the Audit Committee may grant general pre-approval to Audit-related services. Audit-related services include, among others, accounting consultations related to accounting, financial reporting or disclosure matters





not classified as Audit services ; assistance with understanding and implementing new accounting and financial reporting guidance from rulemaking authorities; agreed-upon or expanded audit procedures related to accounting and/or billing records required to respond to or comply with financial, accounting or regulatory reporting matters; and assistance with internal control reporting requirements under Forms N-SAR and/or N-CSR.

The Audit Committee has pre-approved the Audit-related services in Appendix B.2. All other Audit-related services not listed in Appendix B.2 must be specifically pre-approved by the Audit Committee (or by any member of the Audit Committee to which pre-approval has been delegated).

## **5. Tax Services**

The Audit Committee believes that the Independent Auditors can provide Tax services to the Fund and, to the extent they are Covered Services, the Covered Entities, such as tax compliance, tax planning and tax advice without impairing the auditor s independence, and the SEC has stated that the Independent Auditors may provide such services.

Pursuant to the preceding paragraph, the Audit Committee has pre-approved the Tax Services in Appendix B.3. All Tax services in Appendix B.3 must be specifically pre-approved by the Audit Committee (or by any member of the Audit Committee to which pre-approval has been delegated).

## **6. All Other Services**

The Audit Committee believes, based on the SEC s rules prohibiting the Independent Auditors from providing specific non-audit services, that other types of non-audit services are permitted. Accordingly, the Audit Committee believes it may grant general pre-approval to those permissible non-audit services classified as All Other services that it believes are routine and recurring services, would not impair the independence of the auditor and are consistent with the SEC s rules on auditor independence.

The Audit Committee has pre-approved the All Other services in Appendix B.4. Permissible All Other services not listed in Appendix B.4 must be specifically pre-approved by the Audit Committee (or by any member of the Audit Committee to which pre-approval has been delegated).

## **7. Pre-Approval Fee Levels or Budgeted Amounts**

Pre-approval fee levels or budgeted amounts for all services to be provided by the Independent Auditors will be established annually by the Audit Committee. Any proposed services exceeding these levels or amounts will require specific pre-approval by the Audit Committee. The Audit Committee is mindful of the overall relationship of fees for audit and non-audit services in determining whether to pre-approve any such services.

**8. Procedures**

All requests or applications for services to be provided by the Independent Auditors that do not require specific approval by the Audit Committee will be submitted to the Fund's Chief Financial Officer and must include a detailed description of the services to be

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rendered. The Fund's Chief Financial Officer will determine whether such services are included within the list of services that have received the general pre-approval of the Audit Committee. The Audit Committee will be informed on a timely basis of any such services rendered by the Independent Auditors. Requests or applications to provide services that require specific approval by the Audit Committee will be submitted to the Audit Committee by both the Independent Auditors and the Fund's Chief Financial Officer, and must include a joint statement as to whether, in their view, the request or application is consistent with the SEC's rules on auditor independence.

The Audit Committee has designated the Fund's Chief Financial Officer to monitor the performance of all services provided by the Independent Auditors and to determine whether such services are in compliance with this Policy. The Fund's Chief Financial Officer will report to the Audit Committee on a periodic basis on the results of its monitoring. Both the Fund's Chief Financial Officer and management will immediately report to the chairman of the Audit Committee any breach of this Policy that comes to the attention of the Fund's Chief Financial Officer or any member of management.

## **9. Additional Requirements**

The Audit Committee has determined to take additional measures on an annual basis to meet its responsibility to oversee the work of the Independent Auditors and to assure the auditor's independence from the Fund, such as reviewing a formal written statement from the Independent Auditors delineating all relationships between the Independent Auditors and the Fund, consistent with Independence Standards Board No. 1, and discussing with the Independent Auditors its methods and procedures for ensuring independence.

## **10. Covered Entities**

Covered Entities include the Fund's investment adviser(s) and any entity controlling, controlled by or under common control with the Fund's investment adviser(s) that provides ongoing services to the Fund(s). Beginning with non-audit service contracts entered into on or after May 6, 2003, the Fund's audit committee must pre-approve non-audit services provided not only to the Fund but also to the Covered Entities if the engagements relate directly to the operations and financial reporting of the Fund. This list of Covered Entities would include:

### Morgan Stanley Retail Funds

Morgan Stanley Investment Advisors Inc.

Morgan Stanley & Co. Incorporated

Morgan Stanley DW Inc.

Morgan Stanley Investment Management Inc.

Morgan Stanley Investment Management Limited

Morgan Stanley Investment Management Private Limited

Morgan Stanley Asset & Investment Trust Management Co., Limited

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Morgan Stanley Investment Management Company

Morgan Stanley Services Company, Inc.

Morgan Stanley Distributors Inc.

Morgan Stanley Trust FSB

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Morgan Stanley Institutional Funds

Morgan Stanley Investment Management Inc.

Morgan Stanley Investment Advisors Inc.

Morgan Stanley Investment Management Limited

Morgan Stanley Investment Management Private Limited

Morgan Stanley Asset & Investment Trust Management Co., Limited

Morgan Stanley Investment Management Company

Morgan Stanley & Co. Incorporated

Morgan Stanley Distribution, Inc.

Morgan Stanley AIP GP LP

Morgan Stanley Alternative Investment Partners LP

(e)(2) Beginning with non-audit service contracts entered into on or after May 6, 2003, the audit committee also is required to pre-approve services to Covered Entities to the extent that the services are determined to have a direct impact on the operations or financial reporting of the Registrant. 100% of such services were pre-approved by the audit committee pursuant to the Audit Committee's pre-approval policies and procedures (attached hereto).

(f) Not applicable.

(g) See table above.

(h) The audit committee of the Board of Trustees has considered whether the provision of services other than audit services performed by the auditors to the Registrant and Covered Entities is compatible with maintaining the auditors' independence in performing audit services.

Item 5. Audit Committee of Listed Registrants.

(a) The Fund has a separately-designated standing audit committee established in accordance with Section 3(a)(58)(A) of the Exchange Act whose members are:

Joseph Kearns, Michael Nugent and Allen Reed.

(b) Not applicable.

Item 6.

(a) See Item 1.

(b) Not applicable.

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

The Fund/Trust invests in exclusively non-voting securities and therefore this item is not applicable.

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

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

**FUND MANAGEMENT**

The Fund is managed by members of the Emerging Markets Equity team. The team consists of portfolio managers and analysts. The current members of the team primarily responsible for the day-to-day management of the Fund's portfolio are James Cheng and Ruchir Sharma. Mr. Cheng is a Managing Director of the Sub-Adviser and Mr. Sharma is a Managing Director of the Adviser. Mr. Cheng has been associated with the Sub-Adviser in an investment management capacity since July 2006 and joined the team managing the Fund in February 2009. Prior to July 2006, Mr. Cheng worked in an investment management capacity at Invesco Asia Limited, Asia Strategic Investment Management Limited and Munich Re Asia Capital Management. Mr. Sharma has been associated with the Adviser in an investment management capacity since 1996 and joined the team managing the Fund in January 2001.

The composition of the team may change without notice from time to time.

**OTHER ACCOUNTS MANAGED BY THE PORTFOLIO MANAGERS**

The following information is as of December 31, 2011:

Mr. Cheng managed 12 registered investment companies with a total of approximately \$4.2 billion in assets; seven pooled investment vehicles other than registered investment companies with a total of approximately \$2.6 billion in assets; and 26 other accounts with a total of approximately \$10.9 billion in assets. Of these other accounts, three accounts with a total of approximately \$1.5 billion in assets had performance based fees.

Mr. Sharma managed 10 registered investment companies with a total of approximately \$3.5 billion in assets; seven pooled investment vehicles other than registered investment companies with a total of approximately \$3.6 billion in assets; and 19 other accounts with a total of approximately \$4.7 billion in assets. Of these other accounts, three accounts with a total of approximately \$1.5 billion in assets, had performance based fees.



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Because the portfolio managers manage assets for other investment companies, pooled investment vehicles and/or other accounts (including institutional clients, pension plans and certain high net worth individuals), there may be an incentive to favor one client over another resulting in conflicts of interest. For instance, the Adviser and/or Sub-Adviser may receive fees from certain accounts that are higher than the fee it receives from the Fund, or it may receive a performance-based fee on certain accounts. In those instances, the portfolio manager may have an incentive to favor the higher and/or performance-based fee accounts over the Fund. In addition, a conflict of interest could exist to the extent the Adviser and/or Sub-Adviser has proprietary investments in certain accounts, where portfolio managers have personal investments in certain accounts or when certain accounts are investment options in the Adviser's and/or Sub-Adviser's employee benefits and/or deferred compensation plans. The portfolio managers may have an incentive to favor these accounts over others. If the Adviser and/or Sub-Adviser manages accounts that engage in short sales of securities of the type in which the Fund invests, the Adviser and/or Sub-Adviser could be seen as harming the performance of the Fund for the benefit of the accounts engaging in short sales if the short sales cause the market value of the securities to fall. The Adviser and Sub-Adviser has adopted trade allocation and

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other policies and procedures that it believes are reasonably designed to address these and other conflicts of interest.

#### PORTFOLIO MANAGER COMPENSATION STRUCTURE

Portfolio managers receive a combination of base compensation and discretionary compensation, comprising a cash bonus and several deferred compensation programs described below. The methodology used to determine portfolio manager compensation is applied across all funds/accounts managed by the portfolio managers.

**BASE SALARY COMPENSATION.** Generally, portfolio managers receive base salary compensation based on the level of their position with the Adviser and/or Sub-Adviser.

**DISCRETIONARY COMPENSATION.** In addition to base compensation, portfolio managers may receive discretionary compensation.

Discretionary compensation can include:

- Cash Bonus.
- Morgan Stanley's Long Term Incentive Compensation awards - a mandatory program that defers a portion of discretionary year-end compensation into restricted stock units or other awards based on Morgan Stanley common stock or other plans that are subject to vesting and other conditions. All long term incentive compensation awards are subject to clawback provisions where awards can be cancelled if an employee takes any action, or omits to take any action which; causes a restatement of Morgan Stanley's consolidated financial results; or constitutes a violation of Morgan Stanley's risk policies and standards.
- Investment Management Alignment Plan (IMAP) awards - a mandatory program that defers a portion of discretionary year-end compensation and notionally invests it in designated funds advised by the Adviser and/or Sub-Adviser or their affiliates. The award is subject to vesting and other conditions. Portfolio managers must notionally invest a minimum of 25% to a maximum of 100% of their IMAP deferral account into a combination of the designated funds they manage that are included in the IMAP fund menu, which may or may not include the Fund. In addition to the clawbacks listed above for long term incentive compensation awards, the provision on IMAP awards is further strengthened such that it may also be triggered if any employee's actions cause substantial financial loss on a trading strategy, investment, commitment or other holding provided that previous gains on those position were relevant to the employees' prior year compensation decisions.
- Voluntary Deferred Compensation Plans - voluntary programs that permit certain employees to elect to defer a portion of their discretionary year-end compensation and notionally invest the deferred amount across a range of designated investment funds, which may include funds advised by the Adviser and/or Sub-Adviser or their affiliates.

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Several factors determine discretionary compensation, which can vary by portfolio management team and circumstances. These factors include:

- Revenues generated by the investment companies, pooled investment vehicles and other accounts managed by the portfolio manager.
  - The investment performance of the funds/accounts managed by the portfolio manager.
  - Contribution to the business objectives of the Adviser and/or Sub-Adviser.
  - The dollar amount of assets managed by the portfolio manager.
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- Market compensation survey research by independent third parties.
- Other qualitative factors, such as contributions to client objectives.
- Performance of Morgan Stanley and Morgan Stanley Investment Management, and the overall performance of the investment team(s) of which the portfolio manager is a member.

SECURITIES OWNERSHIP OF PORTFOLIO MANAGERS

As of December 31, 2011, the portfolio managers did not own any shares of the Fund.

Item 9. Closed-End Fund Repurchases

REGISTRANT PURCHASE OF EQUITY SECURITIES

Period	(a) Total Number of Shares (or Units) Purchased	(b) Average Price Paid per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
mo-da-year mo-da-year			N/A	N/A
mo-da-year mo-da-year			N/A	N/A
mo-da-year mo-da-year			N/A	N/A
mo-da-year mo-da-year			N/A	N/A
mo-da-year mo-da-year			N/A	N/A
mo-da-year mo-da-year			N/A	N/A
mo-da-year mo-da-year			N/A	N/A

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mo-da-year	mo-da-year	N/A	N/A
mo-da-year	mo-da-year	N/A	N/A
mo-da-year	mo-da-year	N/A	N/A
mo-da-year	mo-da-year	N/A	N/A
mo-da-year	mo-da-year	N/A	N/A
Total		N/A	N/A

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

Not applicable.

Item 11. Controls and Procedures

(a) The Trust s/Fund s principal executive officer and principal financial officer have concluded that the Trust s/Fund s disclosure controls and procedures are sufficient to ensure that information required to be disclosed by the Trust/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 covered by this report that has materially affected, or is reasonably likely to materially affect, the registrant s internal control over financial reporting.

Item 12. Exhibits

(a) The Code of Ethics for Principal Executive and Senior Financial Officers is attached hereto.

(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.

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**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.

Morgan Stanley India Investment Fund, Inc.

/s/ Arthur Lev  
Arthur Lev  
Principal Executive Officer  
February 15, 2012

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.

/s/ Arthur Lev  
Arthur Lev  
Principal Executive Officer  
February 15, 2012

/s/ Francis Smith  
Francis Smith  
Principal Financial Officer  
February 15, 2012

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