

Morgan Stanley Emerging Markets Domestic Debt Fund, Inc.
Form N-CSRS
June 29, 2015

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 811-22011

Morgan Stanley Emerging Markets Domestic Debt 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)

John H. Gernon

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

Registrant's telephone number, including area code: 212-296-0289

Date of fiscal year October 31,
end:

Date of reporting period: April 30, 2015

Item 1 - Report to Shareholders

Morgan Stanley Emerging Markets Domestic Debt Fund, Inc.

Directors

Frank L. Bowman

Michael Bozic

Kathleen A. Dennis

Nancy C. Everett

Jakki L. Haussler

James F. Higgins

Dr. Manuel H. Johnson

Joseph J. Kearns

Michael F. Klein

Michael E. Nugent

W. Allen Reed

Fergus Reid

Officers

Michael E. Nugent

Chairperson of the Board

John H. Gernon

*President and Principal
Executive Officer*

Stefanie V. Chang Yu

Chief Compliance Officer

Joseph C. Benedetti

Vice President

Francis J. Smith

Treasurer and Principal Financial Officer

Mary E. Mullin

Secretary

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.

211 Quality Circle, Suite 210

College Station, Texas 77845

Legal Counsel

Dechert LLP

1095 Avenue of the Americas

New York, New York 10036

Counsel to the Independent Directors

Kramer Levin Naftalis & Frankel LLP

1177 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. All investments involve risks, including the possible loss of principal.

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INVESTMENT MANAGEMENT

Morgan Stanley
Investment Management Inc.
Adviser

Morgan Stanley
Emerging Markets Domestic Debt Fund, Inc.
NYSE: EDD

Semi-Annual Report

April 30, 2015

Morgan Stanley Emerging Markets Domestic Debt Fund, Inc.

April 30, 2015

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Morgan Stanley Emerging Markets Domestic Debt Fund, Inc.

April 30, 2015

Letter to Stockholders (unaudited)

Performance

For the six months ended April 30, 2015, the Morgan Stanley Emerging Markets Domestic Debt Fund, Inc. (the "Fund") had total returns of -14.96%, based on net asset value, and -15.32% based on market value per share (including reinvestment of distributions), compared to its benchmark, the J.P. Morgan Government Bond Index Emerging Markets Global Diversified Index (the "Index")*, which returned -8.24%. On April 30, 2015, the closing price of the Fund's shares on the New York Stock Exchange was \$9.67, representing a 12.9% discount to the Fund's net asset value per share. Past performance is no guarantee of future results.

Factors Affecting Performance

- A strong U.S. dollar, European politics, central bank policies, volatile energy prices, and idiosyncratic issues, such as the Brazilian corruption probe and the conflict in Ukraine, dominated headlines in the period. Emerging market (EM) fixed income performance was mixed in the period, as falling U.S. Treasury yields aided dollar-denominated bond performance but exacerbated EM currency weakness versus the U.S. dollar, which hurt performance of EM domestic debt. The ongoing negotiations between Greece and European lenders added volatility to financial markets as investors priced in the possibility that Greece could exit the eurozone and/or restructure its debt. Responding to weak growth and falling inflation, the European Central Bank (ECB) announced in January that it would begin a potentially open-ended quantitative easing program (QE) at amounts higher than the market anticipated, driving a rally in both developed and emerging European fixed income assets. Despite stabilization in energy prices over the first quarter of 2015, the overall lower level of prices accelerated global dis-inflation trends and provided flexibility for central banks and governments to respond to weaker economic growth with interest rate cuts and subsidy reforms. While lowering inflation expectations, energy prices also pressured the fiscal outlook for oil-producing companies and countries, leading to downgrades in the credit ratings of Russia, Venezuela, Ghana, and Nigeria.
- The EM domestic debt market, as measured by the Index, fell -8.24% in U.S. dollar terms, as EM currencies (in aggregate) weakened -11.03% versus the U.S. dollar, but returned +2.79% in local terms.ⁱ Turkey and Brazil were the worst-performing countries in the domestic debt market, driven primarily by currency weakness versus the U.S. dollar. Despite a stabilization in energy prices during 2015 following a 50% drop in oil prices during 2014, currencies of oil-exporting nations were pressured, which weighed on the performance of Nigeria, Russia, and Colombia.ⁱⁱ These countries underperformed the broader market during the period. Energy-importing countries, such as Thailand and Indonesia, benefited from reduced inflationary pressure and were able to respond to weaker growth by cutting interest rates, which supported local bond prices and aided their outperformance. The ECB's QE announcement also impacted EM economies which are tightly linked to the eurozone, such as Romania, Poland, and Hungary, which all saw their bond yields fall, leading to their outperformance of the market.
- During the period, the Fund benefited from an underweight currency and duration position in Nigeria, as well as an overweight position in the Philippines. An overweight position in the Colombian peso and security selection in Colombia also contributed to relative performance.

Morgan Stanley Emerging Markets Domestic Debt Fund, Inc.

April 30, 2015

Letter to Stockholders (unaudited) (cont'd)

- Broadly, the use of leverage was detrimental to performance as underlying market performance was negative in the period. Currency positions were the primary detractor from relative performance, accounting for the majority of underperformance, as EM currencies weakened over 11% versus the U.S. dollar. Specifically, overweight currency positions in Russia, Mexico, Brazil, Turkey, South Africa, Poland, Hungary, Indonesia, Peru, and Malaysia detracted from relative performance, as did duration positioning in Russia, South Africa, Indonesia, Peru, and Thailand.

Management Strategies

- As long as global deflationary pressures stay contained, we expect the U.S. and the U.K. policy makers to continue their withdrawal of monetary stimulus, in sync with a cyclical recovery in economic activity. While U.S. monetary tightening expectations could trigger another bout of volatility in emerging markets, faster developed market (primarily in the U.S. and U.K.) growth could be supportive of EM growth in the medium term. In addition, the ECB's ongoing QE and continued dovish stances by the Bank of Japan (BOJ) and the central bank of China (PBOC) may support EM economies and could partially offset the effects of a less accommodative U.S. monetary policy.

- The primary risks that we continue to monitor are the path of Chinese economic growth and policy, a faltering in the rebound of commodity prices, the potential for rising interest rates in the U.S., and ongoing geopolitical events in Europe and the Middle East. Ongoing program negotiations between Greece and European lenders and the possibility of a default or eurozone exit by Greece remains a risk. Even with oil prices rebounding, a slowing China will likely continue to weigh on commodity prices and commodity-exporting economies, while, conversely, reducing fiscal and inflationary pressures on commodity-importing countries. Such a scenario may provide opportunities to benefit from the diverging economic trajectories. Divergence in the G3 (U.S., U.K., and Japan) monetary policy path remains supportive of a long U.S. dollar bias if U.S. economic indicators recover.

- We distinguish between three broad groups of EM countries. The first group includes those dependent largely on the direction of U.S. Federal Reserve (Fed) policy, such as Mexico, Colombia, Chile and EM Asia. An early Fed rate hike and large foreign ownership levels of their domestic debt markets make these markets especially vulnerable to sharp adjustments. We expect the first Fed rate hike in the third quarter of this year and note that the risk for a "Taper Tantrum II" has been reduced by more dovish Fed communications. A second group is tightly-linked to the ECB and QE, and includes most of Central Europe and Turkey. A final group of EM countries trade mostly on their own idiosyncratic drivers, including Brazil, Russia, China, Venezuela, Ukraine, and Nigeria. In the latter group, we note that Brazil offers the highest real interest rates in EM local markets, while in the midst of a corruption scandal and fiscal adjustment process. We believe these groupings allow for active management opportunities, providing us the chance to pick potential winners and losers more effectively. We remain marginally cautious on

Morgan Stanley Emerging Markets Domestic Debt Fund, Inc.

April 30, 2015

Letter to Stockholders (unaudited) (cont'd)

domestic debt, even after the broad-based weakness in EM currencies versus the U.S. dollar, as the macroeconomic adjustment towards higher real rates and lower current account deficits has not reached its full conclusion in our opinion.

Sincerely,

John H. Gernon
President and Principal Executive Officer May 2015

*J.P. Morgan Government Bond Index Emerging Markets Global Diversified Index tracks local currency government bonds issued by emerging markets. It is not possible to invest directly in an Index.

i Source: J.P. Morgan and Bloomberg L.P.

ii Source: Bloomberg L.P.

Morgan Stanley Emerging Markets Domestic Debt Fund, Inc.**April 30, 2015**

Portfolio of Investments (unaudited)

(Showing Percentage of Total Value of Investments)

	Face Amount (000)	Value (000)
FIXED INCOME SECURITIES (99.0%)		
Brazil (10.7%)		
Sovereign (10.7%)		
Brazil Notas do Tesouro Nacional, Series F, 10.00%, 1/1/17 - 1/1/25	BRL 389,500	\$ 115,772
Chile (0.7%)		
Sovereign (0.7%)		
Chile Government International Bond, 5.50%, 8/5/20	CLP 4,665,000	8,189
Colombia (8.9%)		
Sovereign (8.9%)		
Colombia Government International Bond, 7.75%, 4/14/21	COP 29,000,000	13,776
9.85%, 6/28/27	46,000,000	25,414
12.00%, 10/22/15	11,000,000	4,773
Colombian TES, 10.00%, 7/24/24	75,500,000	38,764
Financiera de Desarrollo Territorial SA Findeter, 7.88%, 8/12/24 (a)	31,492,000	13,472
		96,199
Hungary (5.2%)		
Sovereign (5.2%)		
Hungary Government Bond, 5.50%, 6/24/25	HUF 4,900,000	21,166
7.50%, 11/12/20	7,680,000	34,850
		56,016
Indonesia (8.6%)		
Sovereign (8.6%)		
Barclays Bank PLC, Indonesia Government Bonds, Credit Linked Notes, 10.00%, 7/17/17 (a)(b)	IDR360,000,000	29,205
Credit Suisse, Indonesia Government Bonds,	154,683,530	12,549

Credit Linked Notes,
10.00%, 7/17/17

Deutsche Bank AG, Indonesia

Government Bond,

Credit Linked Notes,

11.00%, 12/15/20 (a)(b)

60,000,000

5,339

**Face
Amount
(000)**

**Value
(000)**

Indonesia Treasury Bond,

8.38%, 3/15/34

IDR252,600,000

\$ 20,217

JPMorgan Chase Bank,

London, Indonesia

Government Bonds, Credit

Linked Notes,

8.25%, 7/17/21

135,000,000

10,701

10.00%, 7/19/17 (b)

192,525,000

15,619

93,630

Malaysia (10.4%)

Sovereign (10.4%)

Malaysia Government Bond,

3.48%, 3/15/23

MYR

49,480

13,555

4.18%, 7/15/24

343,900

98,878

112,433

Mexico (11.3%)

Sovereign (11.3%)

Mexican Bonos,

6.50%, 6/10/21

MXN

607,685

41,563

7.50%, 6/3/27

72,585

5,273

8.50%, 5/31/29

290,400

22,922

Petroleos Mexicanos (Units),

7.65%, 11/24/21 (a)(c)

791,300

53,374

123,132

Peru (4.3%)

Sovereign (4.3%)

Peru Government Bond,

5.70%, 8/12/24

PEN

44,037

13,899

Peruvian Government

International Bond, (Units)

5.70%, 8/12/24 (a)(c)

66,501

20,989

8.20%, 8/12/26 (c)

32,110

12,021

46,909

Philippines (1.4%)

Sovereign (1.4%)

Philippine Government

International Bond,

4.95%, 1/15/21

PHP

648,000

15,628

Poland (9.3%)

Sovereign (9.3%)

Poland Government Bond,

5.25%, 10/25/20

PLN

314,000

100,549

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

Morgan Stanley Emerging Markets Domestic Debt Fund, Inc.**April 30, 2015**

Portfolio of Investments (unaudited) (cont'd)

(Showing Percentage of Total Value of Investments)

	Face Amount (000)	Value (000)
Romania (2.5%)		
Sovereign (2.5%)		
Romania Government Bond, 4.75%, 2/24/25	RON 42,000	\$ 11,920
5.90%, 7/26/17	53,290	14,803
		26,723
Russia (5.8%)		
Sovereign (5.8%)		
Russian Federal Bond OFZ, 7.05%, 1/19/28	RUB 1,775,000	26,537
8.15%, 2/3/27	2,171,800	36,260
		62,797
South Africa (10.2%)		
Sovereign (10.2%)		
South Africa Government Bond, 6.75%, 3/31/21	ZAR 651,200	52,721
7.25%, 1/15/20	24	2
8.00%, 1/31/30	710,750	57,849
		110,572
Thailand (1.2%)		
Sovereign (1.2%)		
Thailand Government Bond, 3.63%, 6/16/23	THB 380,000	12,571
Turkey (8.5%)		
Corporate Bond (3.2%)		
Turkiye Garanti Bankasi AS, 7.38%, 3/7/18 (a)	TRY 102,980	34,701
Sovereign (5.3%)		
Turkey Government Bond, 10.40%, 3/20/24	9,500	3,830
10.50%, 1/15/20	135,825	53,591
		57,421
TOTAL FIXED INCOME SECURITIES		
(Cost \$1,297,250)		1,073,242

Shares	Value (000)
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SHORT-TERM INVESTMENT (1.0%)**Investment Company (1.0%)**

Morgan Stanley Institutional Liquidity Funds Money Market Portfolio Institutional Class (See Note F) (Cost \$10,932)	10,932,016	\$ 10,932
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TOTAL INVESTMENTS**(100.0%)**

(Cost \$1,308,182) (d)	1,084,174
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LIABILITIES IN EXCESS OF**OTHER ASSETS**

(318,801)

NET ASSETS

\$ 765,373

(a) 144A security Certain conditions for public sale may exist. Unless otherwise noted, these securities are deemed to be liquid.

(b) Variable/Floating Rate Security Interest rate changes on these instruments are based on changes in a designated base rate. The rates shown are those in effect on April 30, 2015.

(c) Consists of one or more classes of securities traded together as a unit.

(d) Securities are available for collateral in connection with open foreign currency forward exchange contracts.

OFZ Obilgatsyi Federal'novo Zaima (Russian Federal Loan Obligation)

Foreign Currency Forward Exchange Contracts:

The Fund had the following foreign currency forward exchange contracts open at April 30, 2015:

Counterparty	Currency to Deliver (000)	Value (000)	Settlement Date	In Exchange For (000)	Value (000)	Unrealized Appreciation (Depreciation) (000)
JPMorgan Chase Bank NA	NGN2,600,000	\$13,065	5/4/15	USD 13,062	\$13,062	\$ (3)
JPMorgan Chase Bank NA	NGN2,600,000	13,065	5/4/15	USD 13,062	13,062	(3)
JPMorgan Chase Bank NA	USD 13,062	13,062	5/4/15	NGN2,600,000	13,065	3
JPMorgan Chase Bank NA	USD 12,698	12,698	5/4/15	NGN2,600,000	13,065	367
JPMorgan Chase Bank NA	BRL 119,500	39,662	5/5/15	USD 36,383	36,383	(3,279)

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

Morgan Stanley Emerging Markets Domestic Debt Fund, Inc.**April 30, 2015**

Portfolio of Investments (unaudited) (cont'd)

*(Showing Percentage of Total Value of Investments)***Foreign Currency Forward Exchange Contracts: (cont'd)**

Counterparty	Currency to Deliver (000)	Value (000)	Settlement Date	In Exchange For (000)	Value (000)	Unrealized Appreciation (Depreciation) (000)
JPMorgan Chase Bank NA	BRL	97,000	5/5/15	USD 32,402	\$32,402	\$ 208
JPMorgan Chase Bank NA	BRL	92,250	5/5/15	USD 30,073	30,073	(545)
JPMorgan Chase Bank NA	BRL	114,750	5/5/15	USD 38,332	38,332	246
JPMorgan Chase Bank NA	USD	39,057	5/5/15	BRL 114,750	38,085	(972)
JPMorgan Chase Bank NA	USD	31,095	5/5/15	BRL 97,000	32,195	1,100
JPMorgan Chase Bank NA	USD	39,918	5/5/15	BRL 119,500	39,662	(256)
JPMorgan Chase Bank NA	USD	30,816	5/5/15	BRL 92,250	30,618	(198)
JPMorgan Chase Bank NA	HUF4,150,000	15,336	5/8/15	USD 14,997	14,997	(339)
JPMorgan Chase Bank NA	HUF4,200,000	15,521	5/8/15	USD 15,042	15,042	(479)
JPMorgan Chase Bank NA	USD	15,314	5/8/15	HUF4,150,000	15,336	22
JPMorgan Chase Bank NA	USD	15,468	5/8/15	ZAR 182,000	15,291	(177)
JPMorgan Chase Bank NA	ZAR	181,000	5/8/15	USD 14,864	14,864	(343)

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JPMorgan Chase Bank NA	ZAR	182,000	15,291	5/8/15	USD	15,170	15,170	(121)
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JPMorgan Chase Bank NA	TRY	40,000	14,918	5/15/15	USD	14,648	14,648	(270)
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Foreign Currency Forward Exchange Contracts: (cont'd)

Counterparty	Currency to Deliver (000)	Value (000)	Settlement Date	In Exchange For (000)	Value (000)	Unrealized Appreciation (Depreciation) (000)	
JPMorgan Chase Bank NA	MXN	459,000	\$ 29,873	5/26/15	USD 29,642	\$ 29,642	\$ (231)
JPMorgan Chase Bank NA	USD	13,018	13,018	5/28/15	NGN 2,600,000	12,983	(35)
JPMorgan Chase Bank NA	BRL	114,750	37,711	6/2/15	USD 38,675	38,675	964
			\$520,993			\$516,652	\$ (4,341)

BRL Brazilian Real

CLP Chilean Peso

COP Colombian Peso

HUF Hungarian Forint

IDR Indonesian Rupiah

MXN Mexican Peso

MYR Malaysian Ringgit

NGN Nigerian Naira

PEN Peruvian Nuevo Sol

PHP Philippine Peso

PLN Polish Zloty

RON Romanian New Leu

RUB Russian Ruble

THB Thai Baht

TRY Turkish Lira

USD United States Dollar

ZAR South African Rand

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

Morgan Stanley Emerging Markets Domestic Debt Fund, Inc.

April 30, 2015

Portfolio of Investments (unaudited) (cont'd)

(Showing Percentage of Total Value of Investments)

Portfolio Composition

Classification	Percentage of Total Investments
Sovereign	95.8%
Other*	4.2
Total Investments	100.0%**

* Industries and/or investment types representing less than 5% of total investments.

** Does not include open foreign currency forward exchange contracts with net unrealized depreciation of approximately \$4,000.

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

Morgan Stanley Emerging Markets Domestic Debt Fund, Inc.**April 30, 2015**

Financial Statements

	April 30, 2015 (unaudited) (000)
Statement of Assets and Liabilities	
Assets:	
Investments in Securities of Unaffiliated Issuers, at Value (Cost \$1,297,250)	\$ 1,073,242
Investment in Security of Affiliated Issuer, at Value (Cost \$10,932)	10,932
Total Investments in Securities, at Value (Cost \$1,308,182)	1,084,174
Foreign Currency, at Value (Cost \$4,550)	5,079
Interest Receivable	26,337
Unrealized Appreciation on Foreign Currency Forward Exchange Contracts	2,910
Receivable for Lehman Brothers Closed Reverse Repurchase Transactions	1,933
Tax Reclaim Receivable	472
Receivable from Affiliate	1
Other Assets	105
Total Assets	1,121,011
Liabilities:	
Payable for Line of Credit	347,062
Unrealized Depreciation on Foreign Currency Forward Exchange Contracts	7,251
Payable for Advisory Fees	901
Payable for Custodian Fees	165
Payable for Administration Fees	72
Payable for Professional Fees	52
Payable for Stockholder Servicing Agent Fees	1
Other Liabilities	134
Total Liabilities	355,638
Net Assets	
Applicable to 68,927,884 Issued and Outstanding \$0.01 Par Value Shares (100,000,000 Shares Authorized)	\$ 765,373
Net Asset Value Per Share	\$ 11.10
Net Assets Consist of:	
Common Stock	\$ 707
Paid-in-Capital	1,138,260
Distributions in Excess of Net Investment Income	(40,634)
Accumulated Net Realized Loss	(104,633)
Unrealized Appreciation (Depreciation) on:	
Investments	(224,008)
Foreign Currency Forward Exchange Contracts	(4,341)
Foreign Currency Translations	22

Net Assets	\$ 765,373
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The accompanying notes are an integral part of the financial statements.

Morgan Stanley Emerging Markets Domestic Debt Fund, Inc.**April 30, 2015**

Financial Statements (cont'd)

	Six Months Ended April 30, 2015 (unaudited) (000)
Statement of Operations	
Investment Income:	
Interest from Securities of Unaffiliated Issuers (Net of \$31 of Foreign Taxes Withheld)	\$ 40,927
Dividends from Security of Affiliated Issuer (Note F)	14
Total Investment Income	40,941
Expenses:	
Advisory Fees (Note B)	5,924
Interest Expense on Line of Credit (Note G)	2,773
Administration Fees (Note C)	474
Custodian Fees (Note D)	353
Stockholder Reporting Expenses	82
Professional Fees	68
Directors' Fees and Expenses	12
Stockholder Servicing Agent Fees	4
Other Expenses	142
Total Expenses	9,832
Rebate from Morgan Stanley Affiliate (Note F)	(16)
Net Expenses	9,816
Net Investment Income	31,125
Realized Gain (Loss):	
Investments Sold	(55,593)
Foreign Currency Forward Exchange Contracts	109
Foreign Currency Transactions	(4,297)
Net Realized Loss	(59,781)
Change in Unrealized Appreciation (Depreciation):	
Investments	(114,506)
Foreign Currency Forward Exchange Contracts	(4,341)
Foreign Currency Translations	969
Net Change in Unrealized Appreciation (Depreciation)	(117,878)
Net Realized Loss and Change in Unrealized Appreciation (Depreciation)	(177,659)
Net Decrease in Net Assets Resulting from Operations	\$ (146,534)

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

Morgan Stanley Emerging Markets Domestic Debt Fund, Inc.**April 30, 2015**

Financial Statements (cont'd)

	Six Months Ended April 30, 2015 (unaudited) (000)	Year Ended October 31, 2014 (000)
Statements of Changes in Net Assets		
Increase (Decrease) in Net Assets		
Operations:		
Net Investment Income	\$ 31,125	\$ 65,959
Net Realized Loss	(59,781)	(171,943)
Net Change in Unrealized Appreciation (Depreciation)	(117,878)	23,949
Net Decrease in Net Assets Resulting from Operations	(146,534)	(82,035)
Distributions from and/or in Excess of:		
Net Investment Income	(32,428)	(35,096)
Net Realized Gain		(36,014)
Paid-in-Capital		(45,611)
Total Distributions	(32,428)	(116,721)
Capital Share Transactions:		
Repurchase of Shares (887,323 and 1,450,197 shares)	(10,133)	(18,795)
Net Decrease in Net Assets Resulting from Capital Share Transactions	(10,133)	(18,795)
Total Decrease	(189,095)	(217,551)
Net Assets:		
Beginning of Period	954,468	1,172,019
End of Period (Including Distributions in Excess of Net Investment Income of \$(40,634) and \$(39,331))	\$ 765,373	\$ 954,468

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

Morgan Stanley Emerging Markets Domestic Debt Fund, Inc.**April 30, 2015**

Financial Statements (cont'd)

	Six Months Ended April 30, 2015 (unaudited) (000)
Statement of Cash Flows	
Cash Flows From Operating Activities:	
Proceeds from Sales and Maturities of Long-Term Investments	\$ 339,212
Purchase of Long-Term Investments	(320,702)
Net (Increase) Decrease in Short-Term Investments	60,860
Net (Increase) Decrease in Foreign Currency Holdings	1,907
Net Realized Gain (Loss) for Foreign Currency Transactions, Foreign Currency Forward Exchange Contracts and Futures Contracts	(4,188)
Net Investment Income	31,125
Adjustments to Reconcile Net Investment Income to Net Cash Provided for (Used by) Operating Activities:	
Net (Increase) Decrease in Interest Receivable	(1,000)
Net (Increase) Decrease in Receivables Related to Operations	(350)
Net Increase (Decrease) in Advisory Fees Payable	(247)
Net Increase (Decrease) in Interest Payable	14
Net Increase (Decrease) in Payables Related to Operations	107
Accretion/Amortization of Discounts and Premiums	(568)
Net Cash Provided for (Used by) Operating Activities	106,170
Cash Flows From Financing Activities:	
Cash Paid for Line of Credit	(53,000)
Cash Paid for Repurchase of Shares	(10,961)
Cash Distribution Paid	(32,428)
Net Cash Provided for (Used by) Financing Activities	(96,389)
Net Increase (Decrease) in Cash	9,781
Cash at Beginning of Period	(9,781)
Cash at End of Period	\$
Supplemental Disclosure of Cash Flow Information:	
Interest Paid on Line of Credit during the Period	\$ 2,759

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

Morgan Stanley Emerging Markets Domestic Debt Fund, Inc.**April 30, 2015**

Financial Highlights

Selected Per Share Data and Ratios

	Six Months Ended April 30, 2015 (unaudited)	2014	2013	Year Ended October 31,		2010
				2012	2011	
Net Asset Value, Beginning of Period	\$ 13.67	\$ 16.45	\$ 17.71	\$ 17.34	\$ 18.58	\$ 16.17
Net Investment Income†	0.45	0.94	1.19	1.32	1.52	1.46
Net Realized and Unrealized Gain (Loss)	(2.57)	(2.11)	(1.48)	0.20	(1.56)	2.15
Total from Investment Operations	(2.12)	(1.17)	(0.29)	1.52	(0.04)	3.61
Distributions from and/or in excess of:						
Net Investment Income	(0.47)	(0.49)	(1.00)	(1.15)	(1.20)	(1.20)
Net Realized Gain Paid-in-Capital		(0.51)				
Total Distributions	(0.47)	(1.65)	(1.00)	(1.15)	(1.20)	(1.20)
Anti-Dilutive Effect of Share Repurchase Program	0.02	0.04	0.03			
Net Asset Value,	\$ 11.10	\$ 13.67	\$ 16.45	\$ 17.71	\$ 17.34	\$ 18.58

End of Period						
Per Share Market Value, End of Period	\$ 9.67	\$ 11.96	\$ 14.35	\$ 16.47	\$ 15.87	\$ 17.29
TOTAL INVESTMENT RETURN:						
Market Value	(15.32)%#	(5.52)%	(7.21)%	11.38%	(1.34)%	35.60%
Net Asset Value(1)	(14.96)%#	(5.80)%	(1.08)%	9.61%	0.32%	23.83%
RATIOS, SUPPLEMENTAL DATA:						
Net Assets, End of Period						
(Thousands)	\$75,373	\$954,468	\$1,172,019	\$1,283,101	\$1,255,618	\$1,345,669
Ratio of Expenses to Average Net Assets	2.42%+*	2.20%+	2.10%+	2.16		