The SEBI's AIF Regulations, defines an Alternative Investment Fund (AIF) to mean any fund established or incorporated in India which collects funds from domestic and/or foreign investors for investing the funds in accordance with a defined investment policy. However, the consolidated Foreign Direct Investment Policy effective from 10 April 2012 does not permit foreign investments in AIFs. While, the Department of Industrial Policy and Promotion (DIPP) has in the last one year, issued clarifications and made changes to the FDI Policy, none of the press notes issued till date mention the possibility of foreign investments in AIFs. In addition to this, the AIF Regulations created a category of AIFs that would be eligible for tax benefits. However, the government has not announced any benefits or conditions for funds to qualify as such AIFs so far. A similar disconnect is seen in the regime for QFIs who were allowed to invest in the Indian equity and debt markets to boost foreign investment in the country. However, this route hasn't seen much success due to the skepticism surrounding the tax risk for depositaries whose clients are QFIs.

Question

Identify the problem in this case. Give suggestions to solve the problem.