**PHL 1253 Group Assignment 5( 4.0/100 towards the final grade)**

**Group F**

**Group members :-**

Rohan yadav - C0773871

Shahrukh Padaniya - C0769542

Swapnil Sevak - C0777195

This is a group exercise. Each group needs to consist of 4/5 students. Only one member of the group needs to upload the answer on behalf of the group. Please see the assignment set up in Moodle for instruction and the due date.Read the case carefully and answer the questions.

**Case**

**US pharmaceutical company defends 5,000% price increase**

Turing Pharmaceuticals acquired the rights to Daraprim in August 2015.The drug treats toxoplasmosis, a parasitic affliction that affects people with compromised immune systems.After Turing's acquisition, a dose of Daraprim In the US increased from $13.50 to $750.00 a 5,000 % increase.

The pill costs about $1 to produce, but Mr. Shkreli, the CEO of the company a former hedge fund manager, said that does not include other costs like marketing and distribution, which have increased dramatically in recent years. CEO Martin Shkreli also said that the company will use the money it makes from sales to research new treatments.

**Question:Do you accept or reject the reasons given by the CEOof the company to defend the price increase of the drug by 5,000%? Explain your answer**

Hint:

Use CSR theories to justify/reject the price increase

Read the Merck and River Blindness case to provide you a guideline to analyse this case.

According to me, the reason given by the CEO of the Turing Pharmaceuticals to defend the increase in the price of the drug by 5000% appears to be childish. The increase in the price of the drug from $13.5 to $750 is massive and the reason behind the increase of the price just for cost like marketing and distribution does not justify it. Also, the CEO did not mention the actual numbers for cost in marketing and distribution. The drug was even sold before at low cost, but after it was acquired by Turing Pharmaceuticals, the price was suddenly increased by this large margin.

The manufacturing of the drug cost just around 1 dollar. Even after including all other marketing and distribution costs, it would never reach a high of 750 dollars. The increase in the price by this margin will decrease the sale of the drug to the needy poor people, who won't be able to afford this high price.

Companies have an obligation called CSR, where they ought to work for the betterment of society. They belong to the privileged sectio and should work towards uplifting the less privileged one. But sadly, these companies use their sorry excuse of research to exploit poor people to gain profit. There is no doubt that the company should spend on research and marketing campaigns. But, there should be a limit on what extent to spend on it. The other thing they can do is to provide this drug at lower rates to poor people or else the government can help by subsidising the drug, so it can be made available for poor people at affordable cost. Turing Pharmaceuticals can also follow the footsteps of Marck and Co. pharmaceuticals, where they provided the needy drug for free, as they knew that the people in the affected area won't be able to afford it. The company should not just look for profit, but also take care of preserving and improving human life.