A Note on EOQ Model under Cash Discount
and Payment Delay

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Abstract

In this note, we correct the models of Ouyang et al. (2002) and Chang (2002) discussed with economic order quantity (EOQ) under conditions of cash discount and payment delay. Mathematical models have been modified for obtaining the optimal cycle time and optimal payment policy for item under cash discount and payment delay so that the annual total cost is minimized. Then, we provide two theorems to efficiently determine the optimal cycle time and optimal payment policy. Finally, numerical examples are solved to illustrate the results given in the paper.

Keywords: EOQ, Payment Delay, Cash Discount, Trade Credit, Inventory.