



## Is Polkadot Worth a Buy Right Now?

### Description

Presently, the [cryptocurrency](#) market has a collective worth of a little more than [\\$2 trillion](#). While this is indeed impressive, this figure is actually down approximately 30% from its November 2021 high of \$3 trillion. This \$1 trillion drop has taken place over the course of just a few weeks.

Does that sound scary?

Well, rather than panicking, many crypto investors are instead looking at the top projects with long-term upside as potential buying opportunities on this dip. One such project that's gaining a lot of attention is **Polkadot** ([CRYPTO:DOT](#)).

Let's dive into whether this project is worth a buy on this dip right now.

### Large investment in Polkadot's network spurs interest

One of the things many investors look for in a blockchain project is the willingness of the project to invest in its infrastructure. In order to be able to use the blockchain to innovate, projects need to invest in the development of a given network's ecosystem.

Recently, Polkadot announced a massive \$21 million investment, via its native cryptocurrency, in the Pioneers Prize. This is basically an array of challenges developed to push technical innovation on the network. These challenges relate to Web3 development, and broad ecosystem development of the Polkadot network.

This announcement follows a recent research report by the CCRI (Crypto Carbon Rankings Institute), recognizing this network as having the lowest electricity consumption and total carbon emissions per year.

### A clear investment thesis for DOT

The DOT token serves three major purposes.

Firstly, this is a governance token investors can use to vote on issues like network upgrades and fees. Second, this token is used for staking. This means DOT holders can put their tokens up to participate in the validation of the Polkadot network. Doing so allows holders to earn staking rewards of nearly 14% annually. That's not a bad yield.

Finally, developer pay refundable deposits with DOT tokens to connect their parachains to the relay chain. This provides demand for DOT tokens, rising alongside more DeFi projects and interest in parachain solutions.

As the popularity of projects on Polkadot's parachains grows, so too should the value of the DOT token.

## Bottom line

Polkadot is a blockchain project that certainly isn't without risk. The ongoing **Ethereum 2.0** update could impact the investment thesis for parachain solutions like Polkadot.

However, Polkadot's status as a growing ecosystem (particularly in the NFT world) is worth noting. For investors looking for a project to potentially dive into on this dip, this is certainly an interesting one to choose.

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**Date**

2025/07/05

**Date Created**

2022/02/11

**Author**

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